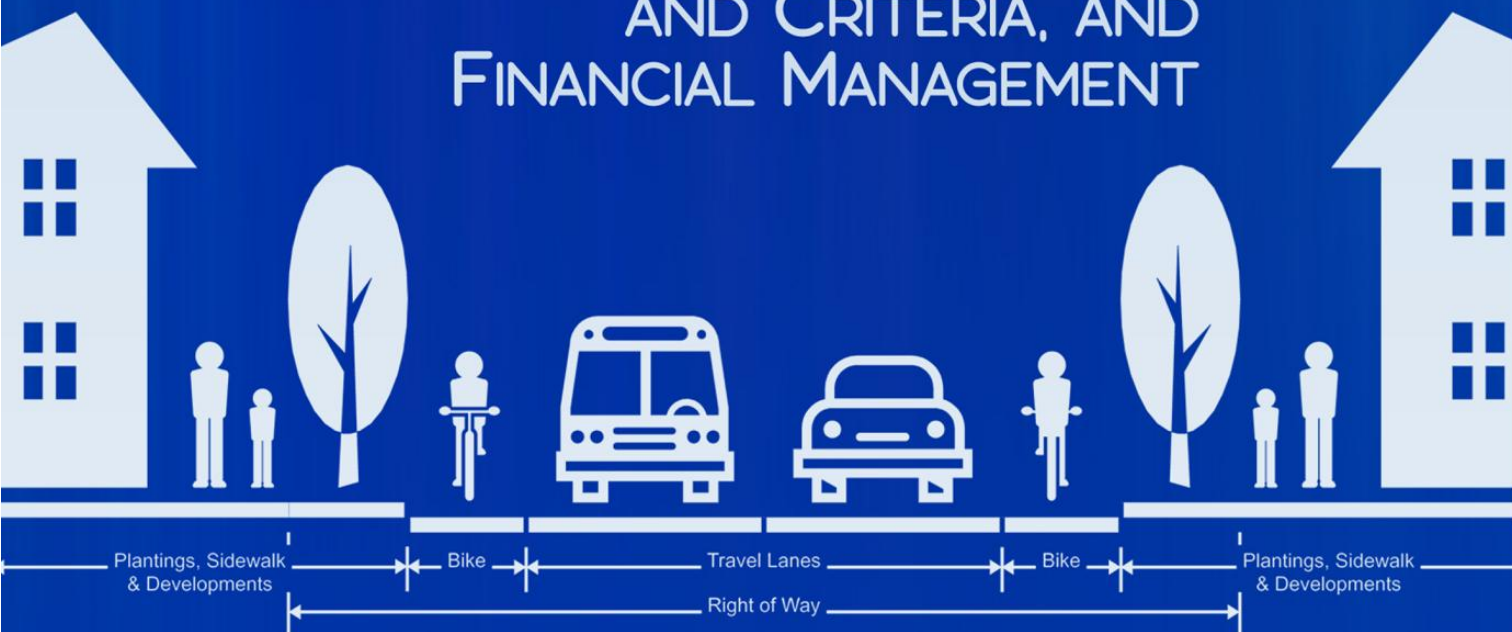


← UTAH DEPARTMENT OF TRANSPORTATION →

← CORRIDOR PRESERVATION STUDY →

← BASELINE CONDITIONS,
PRIORITIZATION PROCESS
AND CRITERIA, AND
FINANCIAL MANAGEMENT →



Utah Department of Transportation
Corridor Preservation Study
Baseline Conditions, Prioritization Process and Criteria,
and Financial Management
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Utah Department of Transportation

Corridor Preservation Study

Baseline Conditions, Prioritization Process and Criteria, and Financial Management



Executive Summary

The Utah Department of Transportation (UDOT) has commissioned a Corridor Preservation Study to assess and make recommendations regarding the State's corridor preservation effort. As part of this study, this is the Executive Summary of a deliverable that:

- Evaluates the use of the Corridor Preservation Fund.
- Recommends criteria for identifying and prioritizing the use of Corridor Preservation Funds.
- Recommends financial management and other practices for effectively managing the use of the fund.

A. The Case for Corridor Preservation

Corridor preservation sets aside right-of-way before it is actually needed for construction. In so doing, it prevents or delays more intensive development. This results in numerous benefits, including cost savings, the reduction of barriers to timely transportation improvements, and less environmental, economic, and social disruption.

B. The Context of Corridor Preservation in Utah

UDOT administers a Corridor Preservation Fund that was established by the Legislature in 1996 to fund protective acquisition of right-of-way in key corridors. The enabling legislation was amended shortly thereafter to permit use for hardship acquisitions.

The Corridor Preservation Fund is structured as a revolving fund. The fund is governed by the State Transportation Commission, which is advised and assisted by a Corridor Preservation Council, comprising elected officials, transportation commissioners, metropolitan planning organization representatives, and UDOT staff.

C. Corridor Preservation Fund Overview

1. Revenues

- The major source of funding for the Corridor Preservation Fund is the 2.5% statewide tax on motor vehicle rentals passed by the State Legislature in 1997.
- Other fund revenues include land paybacks, general fund transfers, bond proceeds, interest on the cash balance, and income from rentals of UDOT-held property.
- Total revenues in FY 2001, in which there was a \$6 million land repayment, were approximately \$10.7 million.

2. Expenditures

- To date approximately \$27 million has been disbursed from the Fund, some 90% of which has gone to actual land purchases. Other expenditures include debt service, utilities, professional services, and relocation costs.
- Expenditures from FY 1999 through FY 2002 ranged from a low of about \$2.1 million to a high of about \$6.75 million.

3. Fund Balance

- The Fund balance has grown steadily since program inception. It currently stands at about \$16 million.

4. Types of Expenditures

- While the number of hardship purchases is higher than the number of bare ground purchases to date, the dollar value is about equal.

D. Findings and Recommendations

Following are the principal findings and recommendations regarding the most effective use of the Corridor Preservation Fund.

1. Findings: UDOT will benefit from a proactive approach to Corridor Preservation that is driven by the long-range planning process.

- To date, virtually all applications to the Fund (both advance acquisition and bare ground) have been owner initiated.
- The Corridor Preservation Council reacts to applications piecemeal. This lack of proactive planning leads to isolated, uncoordinated purchases with patchwork results.

Recommendation: Identify corridor preservation needs and supporting actions through long-range planning.

2. Findings: A documented consistent process is required for evaluating hardship applications to ensure that expenditures cost-effectively address hardship needs.

- UDOT does not currently require extensive, verifiable third-party documentation of claimed hardships. There is no clearly defined, consistently applied defined process for hardship applications.
- In the absence of clearly defined, consistently applied hardship documentation, the Transportation Commission risks a deluge of poorly documented hardship applications – some of which may be misleading or even fraudulent.

Recommendation: Apply the hardship criteria recommended by this study and the standardized forms for program administration.

3. Findings: UDOT lacks formal eligibility and prioritization criteria for the Corridor Preservation Fund.

- UDOT does not have in place formal prioritization criteria with which to rank prospective acquisitions that meet eligibility criteria (within either bare ground or hardship categories). This will become increasingly important as the number of hardship and bare ground applications grows.
- No process is in place for the value assessment of prospective bare ground purchases. UDOT is seen as having deep pockets, but potential bare ground acquisitions are not subject to cost-benefit analysis.

Recommendation: Implement the prioritization criteria and process recommended by this study using the application forms in Appendix C.

4. Findings: Local government support and coordination are critical in leveraging scarce Corridor Preservation Fund resources.

- Coordination between state and local authorities is critical in corridor preservation because the approach is based upon two pillars: (1) land acquisition; and (2) land use control. The most efficient way to leverage scarce state resources is to complement them through the local development review and approved process.
- Local governments face obstacles to Corridor Preservation. These include:
 - **Need for Education and Awareness.** With notable exceptions, local governments have very little understanding of corridor preservation – in theory or in practice.
 - **Need to have Access Management Ordinances in Place to Access the Fund.** Although UDOT has developed access management standards with regard to state-owned facilities, these standards do not address all of local governments' needs. Local governments need help in developing their own access management ordinances.
 - **Skepticism.** Some local government officials who are aware of the Corridor Preservation Fund doubt that anything would be left for them after paying out funding for UDOT projects and hardships.

Recommendation: Enlist the support of local governments through effective outreach and assistance.

5. Findings: Organizational development is required to conduct corridor preservation planning and administer the fund as part of the Corridor Preservation Program.

- Currently, the bulk of responsibility for UDOT's corridor preservation efforts (including rulemaking, administrative procedures, and the ad hoc prioritization strategies that have evolved) is borne by Right of Way, a function that typically supports project design and construction through the execution of real estate transactions after project planning and programming have been completed.
- While real estate transactions are part of the execution of a corridor preservation program, they do not in and of themselves constitute a strategy or plan.
- UDOT does not currently have in place tools with which to forecast fund revenues, expenditures, balances, and cash flow. This will require a single

point of staff accountability for financial management of the Corridor Preservation Fund.

- Since corridor preservation is part of the planning process, Right of Way is better situated to execute, as opposed to formulate, corridor preservation strategy and plans.

Recommendation: Establish responsibility for corridor planning and programming within the Program Development Group.

Utah Department of Transportation

Corridor Preservation Study

Baseline Conditions, Prioritization Process and Criteria, and Financial Management



I. Corridor Preservation Study Background

A. Introduction

This document, “Utah Corridor Preservation Study: Baseline Conditions, Findings and Recommendations,” is a major deliverable from the UDOT Corridor Preservation Study. The deliverable:

- Documents the establishment, history, and existing conditions for corridor preservation efforts in Utah as practiced by UDOT and local governments (these efforts include the Corridor Preservation Fund).
- Presents findings regarding the current use of the Corridor Preservation Fund that comprise the basis of the recommendations.
- Recommends a framework for prioritizing and programming properly acquisition projects using the Corridor Preservation Fund.
- Provides guidance for the recommendation, administration, and financial management of the Corridor Preservation Fund.

1. Corridor Preservation Study Objectives

A Technical Advisory Committee (TAC) was established at the inception of this study. Active TAC participants included the following individuals: Tim Boschert, Stan Burns, Lyle McMillan, Betty Purdie, John Quick, Matt Swapp, Paul Vidmar of the Utah Department of Transportation; Mike Brown and George Ramjoue of the Wasatch Front Regional Council; Darryl Cook, Chad Eccles, and Shawn Seager of the Mountainland Association of Governments.

The TAC’s first meeting was February 25, 2003, where one of its first tasks was the establishment of corridor preservation objectives and study objectives.

a. Corridor Preservation Objectives

The consultant team presented a list of “Straw Man” corridor preservation objectives at the first TAC meeting. Following discussion and a period of review, the TAC amended this list substantially. The TAC’s consensus on these objectives is shown in Exhibit I-1, which is organized to reflect each objective’s applicability at planning, programming, and project levels.

**Exhibit I-1: Corridor Preservation Objectives
at Planning, Program and Project Levels**

	Planning Level Objectives	Program Level Objectives	Project Level Objectives
Preserve the utility and function of existing infrastructure investments	X	X	X
Establish a proactive, planning level approach to right of way management	X		
Reduce right of way acquisition costs	X	X	X
Reduce barriers to the efficient future development of local government roads and state highways	X		
Provide consistency and predictability regarding corridor preservation and access management	X	X	X
Improve coordination with local governments	X	X	X
Ensure optimal statewide utilization of the Corridor Preservation Fund	X	X	X
Develop objective guidelines as to definitions and screening criteria for hardship purposes		X	X
Develop alternatives to fee-simple hardship satisfaction techniques		X	X
Develop prioritization and programming criteria for all fund expenditures		X	

b. Study Objectives

In terms of the Corridor Preservation Study, the TAC expressed an interest that all work be aimed at moving forward the process of establishing a set of corridor preservation criteria, optimizing fund resources, and enlisting the active involvement of local governments.

In the interest of moving the program forward, the TAC and consultant team agreed to focus on three deliverables, the content of which was to include the following:

- Recommended project prioritization process and criteria to include a recommended approach to financial management.
- Outreach materials designed to introduce local governments to the concept of corridor preservation, the Corridor Preservation Fund, and how they can cooperate with UDOT and their Metropolitan Planning Organizations (MPO) to preserve needed right-of-way.
- A Corridor Preservation Toolkit.

In terms of format and presentation style, the TAC stressed that the audience for the local outreach materials would include newly elected local officials, some of whom would be unfamiliar with basic land use, transportation planning, and transportation engineering concepts. It was agreed that the materials should be presented simply and clearly. It was also stressed that including corridor preservation examples from Utah would help make corridor preservation more tangible and, therefore, more attractive to local officials.

This overall effort of which this document is part also includes two other deliverables, each of which is intended to foster communication and cooperation between UDOT and local governments. The first of these two additional deliverables is a PowerPoint presentation that introduces the concept of corridor preservation, along with its benefits, examples of successes and lessons learned in Utah, and an overview of corridor preservation techniques. This stand-alone presentation is entitled “Corridor Preservation: Opportunities for Utah’s Future.”

The second deliverable is a “Corridor Preservation Toolkit,” which provides detailed guidance on corridor preservation techniques, such as setback requirements, density transfers, and developer exactions that may be planned and executed by local governments. This toolkit is structured as a “primer” for local governments.

B. Prioritization Process Deliverable Methodology

The findings and recommendations contained in this deliverable are based on the following sources and analytical methods:

- A literature review regarding best practices in corridor preservation using the Google search engine, and searchable databases including those maintained by the U.S. Department of Transportation, the National Cooperative Highway Research Program, and the American Planning Association. This literature review

encompassed the UDOT-commissioned 1999 *Corridor Preservation Study* prepared by Saito, Thurgood, Thomas, et al. of Brigham Young University.

- The consultant team's firsthand knowledge of best practices from analogous work in other states.
- A review of primary sources regarding Utah's Corridor Preservation Fund, including enabling legislation dating to 1996; other aspects of Utah's Annotated Code; Transportation Commission meeting minutes; newspaper articles; written UDOT policy; and Excel-based program statistics and financial records.
- A review of selected local zoning and subdivision regulations throughout the state.
- More than 20 interviews with UDOT staff, elected and appointed officials; representatives of the Wasatch Front Regional Council and the Mountainland Association of Governments; and local government public works and planning staff.
- Specification of a multiple regression model with which to forecast motor vehicle rental tax revenues and cash flows under several spending scenarios.

II. Baseline Conditions

This section details the baseline conditions and use of the Corridor Preservation Fund to date.

A. Jurisdictional Roles

Coordination between state and local authorities is critical for successful corridor preservation because the state plans, finds, and develops transportation corridors while local jurisdictions affect the use of abutting land through their development review and approval process and their land use planning.

Local governments have the power to enact and enforce land use controls, which properly applied can help to preserve land in a less developed condition than would otherwise be the case. The state has no land use regulation authority other than that relating to access to state-owned roadways. The most efficient way to leverage scarce state resources is to complement them with local land use controls.

Exhibit II-1: Intergovernmental Relations in Corridor Preservation by Function

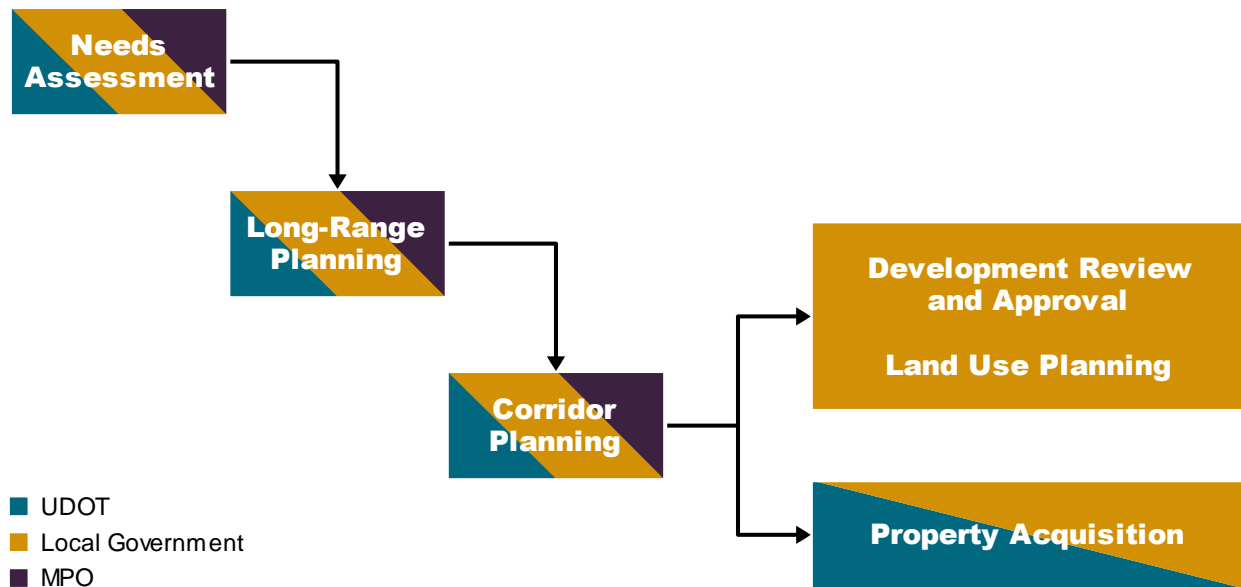


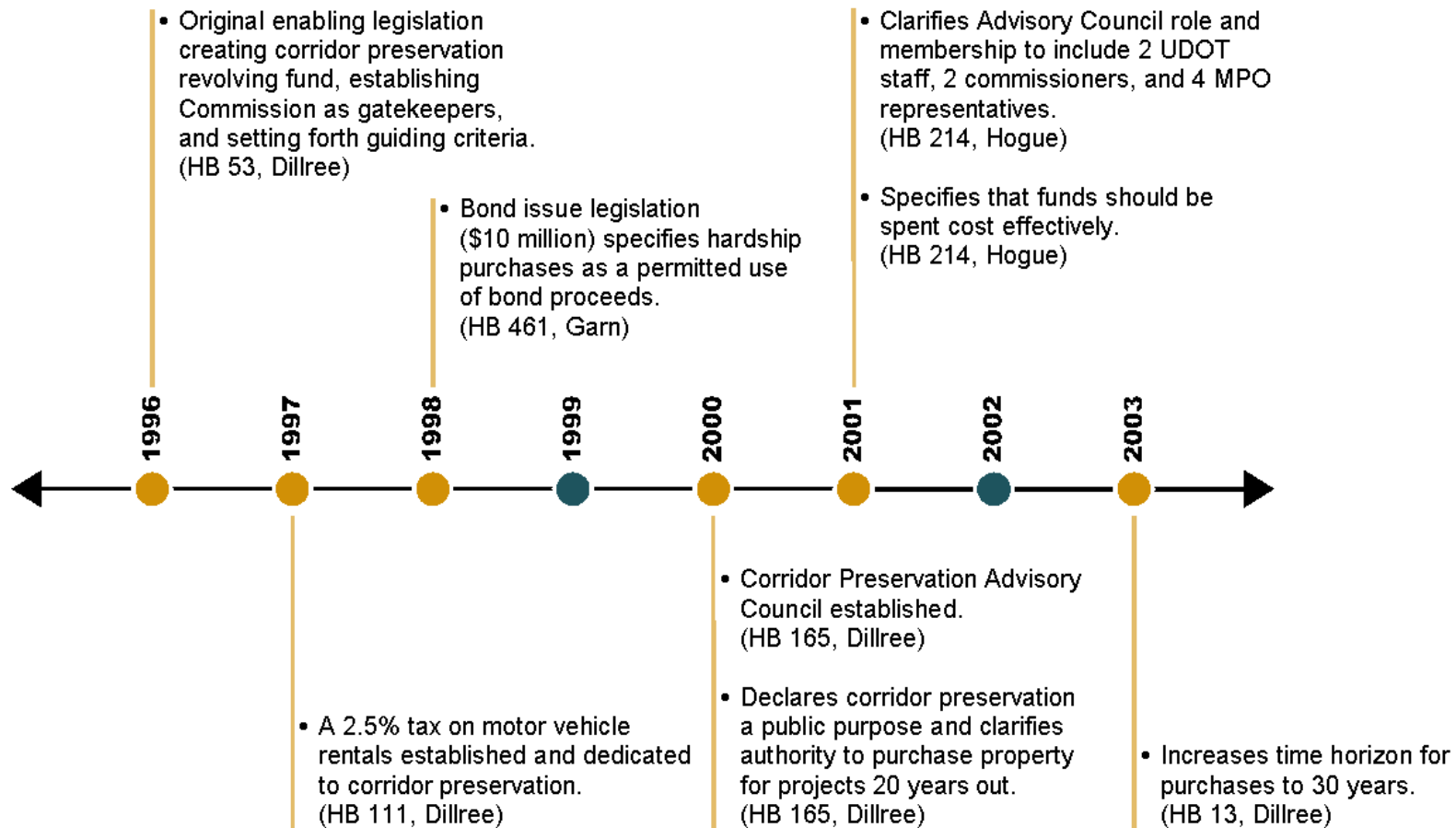
Exhibit II-1 illustrates desirable relationships among UDOT and local governments in the areas of needs assessment, long-range planning, and corridor planning. It underscores the fact that only local governments have the authority to regulate land use. However, either level of government may use its resources to acquire property.

In addition to ensuring that UDOT and individual governments establish strong working relationships, it is equally, if not more, critical to ensure that local governments coordinate among themselves. A single corridor may pass through five or more jurisdictions. A coordinated approach helps to ensure the preservation of long, contiguous swaths of land as opposed to patchwork pieces.

B. Statutory Basis

The legislative history of Utah's Transportation Corridor Preservation Fund is summarized in Exhibit II-2. Since 1996, there have been a series of laws enacted regarding corridor preservation.

Exhibit II-2: The Legislation History of Utah's Corridor Preservation Fund



In 1996, Representative Marda Dillree introduced the original enabling legislation for corridor preservation after attending an FHWA meeting on corridor preservation, which seemed particularly relevant in Utah given the Salt Lake City metropolitan area's limiting topography and explosive growth. While the first infusion of funding was not provided until the following year, it set the basic framework for the program—a revolving fund governed by the Transportation Commission, the guiding principles of which were stated as preserving transportation corridors, promoting long-term transportation planning, and promoting the best interests of the state. Further, it was specified that fund monies be prioritized on the basis of the following criteria:

- Areas with rapidly expanding population.
- The willingness of local governments to complete studies and impact statements that meet department standards.
- The preservation of corridors by the use of local planning and zoning processes.
- The availability of other public and private funds for a project.

The next year, Representative Dillree introduced legislation establishing a dedicated 2.5 percent tax on motor vehicle rentals as a means of capitalizing the fund. At this time, a general fund appropriation of \$500,000 was also provided. Currently, the tax generates about \$3.5 million per year.

In 1998, Representative Garn introduced legislation authorizing the States Building Ownership Authority to issue revenue bonds on the revenue of the Transportation Corridor Preservation Revolving Fund to acquire real property for hardship cases as well as for any of the purposes already authorized. This was the first mention of hardship per se, and it came in the wake of an inverse condemnation lawsuit with regard to properties along US 89 that UDOT lost in the state Supreme Court.

In 2000, Representative Dillree introduced another bill that established the Corridor Preservation Advisory Council and declared corridor preservation a public purpose. This bill also clarified the Transportation Commission's authority to purchase property for projects 20 years out. The Advisory Council's function as stated in this legislation was to "assist with and help coordinate the corridor preservation efforts of the department and local governments and to provide recommendations and priorities concerning corridor preservation and the use of fund monies."

In 2001, legislation introduced by Representative Hogue further clarified the role of the Corridor Preservation Advisory Council and its membership, notably requiring that the Advisory Council include members designated by each MPO and that funds be spent "cost effectively."

The most recent corridor preservation legislation (2003), which was also sponsored by Representative Dillree, increases the time horizon for corridor preservation acquisitions from 20 years to 30 years, making the Fund more useful for long-term transportation planning.

C. Current Administrative Practices

According to the state enabling legislation, the Transportation Commission governs the Corridor Preservation Fund. This entails decision-making on all expenditures, the authority to collect and enforce the dedicated tax, and all administrative rule making. The Transportation Commission is aided and advised with regard to each of these functions by the Corridor Preservation Advisory Council, which comprises two UDOT staff, two transportation commissioners, and representatives of each of the state's MPOs.

The Advisory Council meets once a month and considers both hardship and bare ground (advance acquisition) funding requests. An Advisory Council representative, generally a UDOT staff person, presents the Council's recommendations at the Commission's regular meetings, at which point the Commission may approve, deny, or defer applications to the fund.

1. Application to the Fund and the Mechanics of Property Acquisition

Loans to finance two types of purchases are made out of the Corridor Preservation Fund: (1) Advance Acquisition (commonly referred to as "bare ground" purchases; and (2) Hardship Acquisition. Current administrative processes around each are described herein.

2. Advance Acquisition

Advance Acquisition is used to obtain private property earlier than normal if it is located within a designated corridor for future transportation projects as long as there is evidence that the corridor will be developed within 30 years. Advance acquisition is intended to preserve future rights-of-way within a transportation corridor.

With a handful of exceptions, advance acquisitions from the Fund have been the result of owner initiated offers. As such, they are not closely tied to any long-range corridor planning effort at the regional or statewide level.

Another issue regarding the existing process for bare ground acquisitions is that it does not entail any rigorous quantitative analysis, which makes it

difficult to assess any single acquisition, much less any combination of competing prospects.

3. Hardship Acquisition

In general, hardship acquisition has the purpose of relieving the burden of ownership due to an owner's inability to sell their property due to the market stigma arising from public knowledge of planned transportation improvements. It is important to note that the Federal Highway Administration (FHWA) and UDOT have separate definitions of hardship and separate sources of legal and financial recourse. UDOT's hardship eligibility criteria and documentation requirements are less restrictive than FHWA's.

FHWA eligibility criteria for hardship set forth in 23 CFR 710.503 have the following requirements:

- Prior FHWA approval.
- Property must be in a preferred location.
- The project must be on the currently approved STIP.
- The state must have completed public involvement requirements.

Additional project-specific restrictions also apply. The financial or health and safety-related hardship may only be applied to a particular parcel or to a limited number of parcels on a project, and any such purchases may not influence the environmental assessment. Mere inconvenience or a partial loss of property value is not enough to meet hardship eligibility criteria. Because state-controlled right of way resources are limited, most states generally confine their hardship purchases to situations in which they can claim reimbursement for the federal matching share of the purchase cost up front.

In contrast, UDOT's policy sets no limits around the timeframe, likelihood, or detail of any plans that property owners may claim are precluding them from selling their property. The 1998 legislation that specified hardship as an eligible use of the Corridor Preservation Fund provides no direction with regard to hardship eligibility or prioritization criteria.

In the absence of specific legislative direction, UDOT has to date defined hardship by referring to basic elements of the CFR, which sets the following as initial screening criteria:

- The owner cannot dispose of the property because of plans to construct a transportation facility.

- The owner cannot reasonably alleviate the hardship if the State does not buy the property.
- The State's purchase will either partially or totally alleviate the hardship.

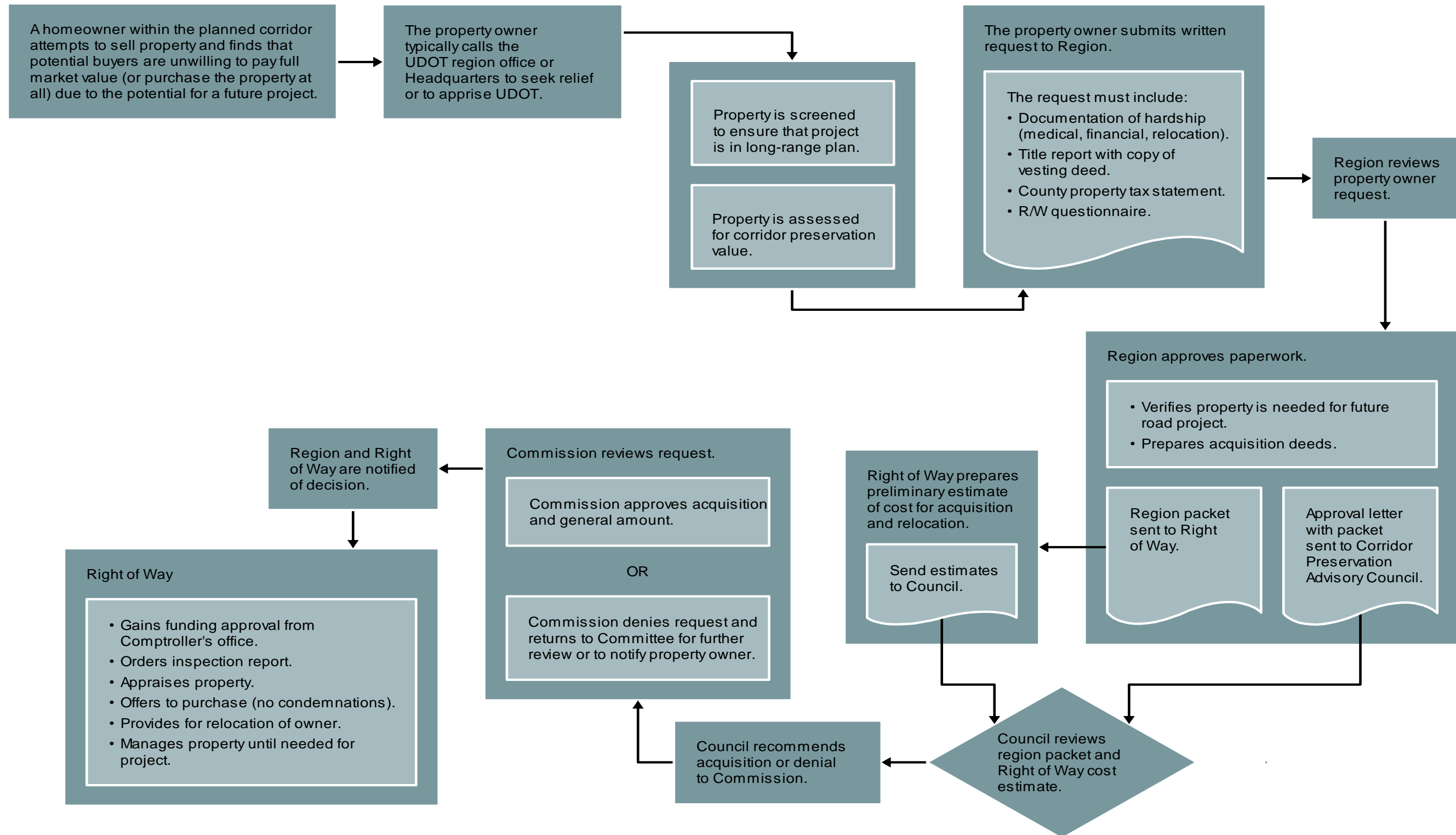
UDOT recognizes the sources of hardship shown in Exhibit II-3.

Exhibit II-3: Sources of Hardship Recognized by UDOT

Health and Safety Considerations	<ul style="list-style-type: none"> • Advanced age – needs care or assistance from others. • Ambulatory defects or diseases – when present facilities are inadequate or cannot be maintained by the owner. • Major disabilities or equivalent disabilities. • Doctor's recommendation to change climate or physical environments. • Non-decent, safe and sanitary housing such as overcrowded living conditions if the occupancy level did not exceed decent, safe and sanitary standards at the time the owner originally bought the property
Financial Considerations	<ul style="list-style-type: none"> • Probate or other litigation. • Loss of employment. • Retirement causing financial inability to maintain current residence or purchase of retirement home. • Pending mortgage or tax foreclosure. • Job transfer or change of work location creates a need to move. • Financial distress involving personal or business circumstances. • Substantial burden, such as maintenance taxes and/or rehabilitation costs. • Monetary loss – income or vacant properties. Eligible when the proposed project is the immediate cause of a monetary loss. The owner must demonstrate that the project creates an adverse effect upon business profitability or upon property.

Although UDOT has developed a matrix indicating the type of documentation that may be required for each element of a hardship claim (e.g., a letter from one's doctor to substantiate a medical condition, plus substantiation that the seller has tried and failed to sell the property at its market value), in practice the Corridor Preservation Advisory Council has required very little in the way of hard documentation—in many cases decisions are being made on the basis of a single piece of correspondence from a property owner.

The current mechanics of property acquisition used by UDOT for hardship-related acquisitions are shown in Exhibit II-4. The major issues arising from current practice are that required documentation of hardship is minimal and inconsistent.

Exhibit II-4: The Current Property Acquisition Process for Hardship Purchases

D. Use of the Fund to Date

This section documents revenues, expenditures, cash balances, and types of purchases from the first Corridor Preservation Fund program activity in 1997 through to the second quarter of 2003.

1. Revenue Summary

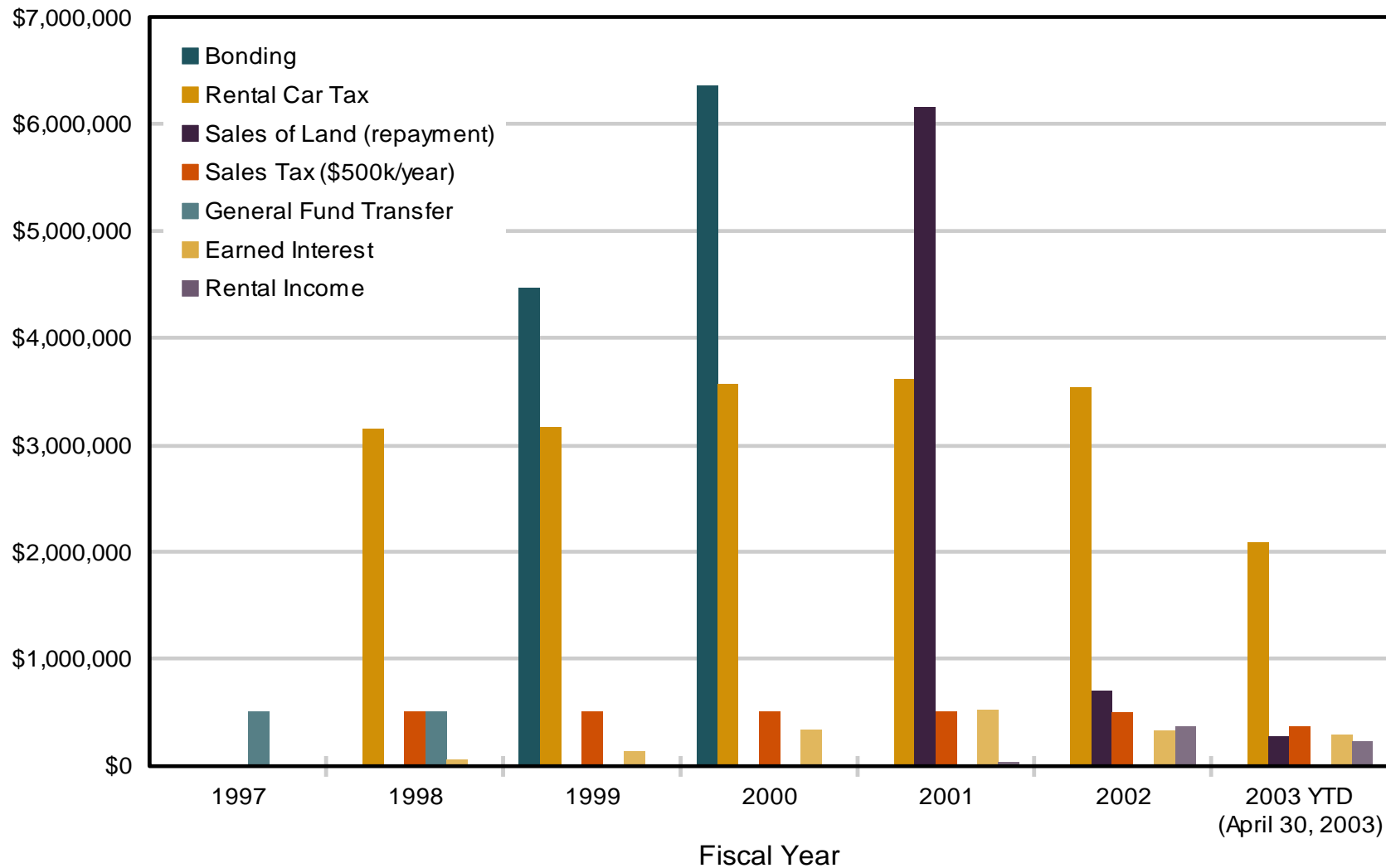
Exhibit II-5 lists the major revenue sources for the Corridor Preservation Fund from 1997 to 2002 by fiscal year. These are:

- Rental Car Tax
- Sales Tax
- General Fund Transfer
- Sale Of Land Already Purchased
- Earned Interest
- Rental Income

The major ongoing source of funding for the Corridor Preservation Fund is the 2.5% tax on motor vehicle rentals, which was passed in 1997. This tax generated slightly more than \$3 million in its first year. It currently runs at about \$3.5 million per year.

Other ongoing revenue sources include a flat \$500,000 sales tax that has been transferred each year from the State's General Fund; up to \$500,000 in earned income on the Fund's cash balance (2001); and income from rentals of UDOT owned property, which first emerged as a revenue source in 2002, now stands at about \$400,000.

Other Fund revenues include bond proceeds (nearly \$11 million between 1999 and 2000) and land paybacks, including a 2001 payback of over \$6 million. This payback included \$6.1 million of payback from the Legacy Highway project and \$700,000 from the Utah Transportation Authority for a park and ride project.

Exhibit II-5: Corridor Preservation Fund Revenue Summary, 1997 through April 30, 2003

2. Expenditures

As of April 2003, approximately \$27 million has been spent from the Corridor Preservation Fund, some 90% of which has been spent on actual property. The better part of 10% has gone to debt service on the \$10 million bond authorized in 1998. Other expenses, which include garbage services, relocation, utilities, and professional services such as appraisals, account for a small percentage of fund expenditures (under 3%). Expenditures by year and type are shown in Exhibit II-6.

3. Fund Balance

The Corridor Preservation Fund balance has grown steadily since program inception. Between 2001 and 2002, for example, the cash balance increased by 20%. The relationships between revenues, expenditures, and fund balance and the life of the fund to date are shown in Exhibit II-7.

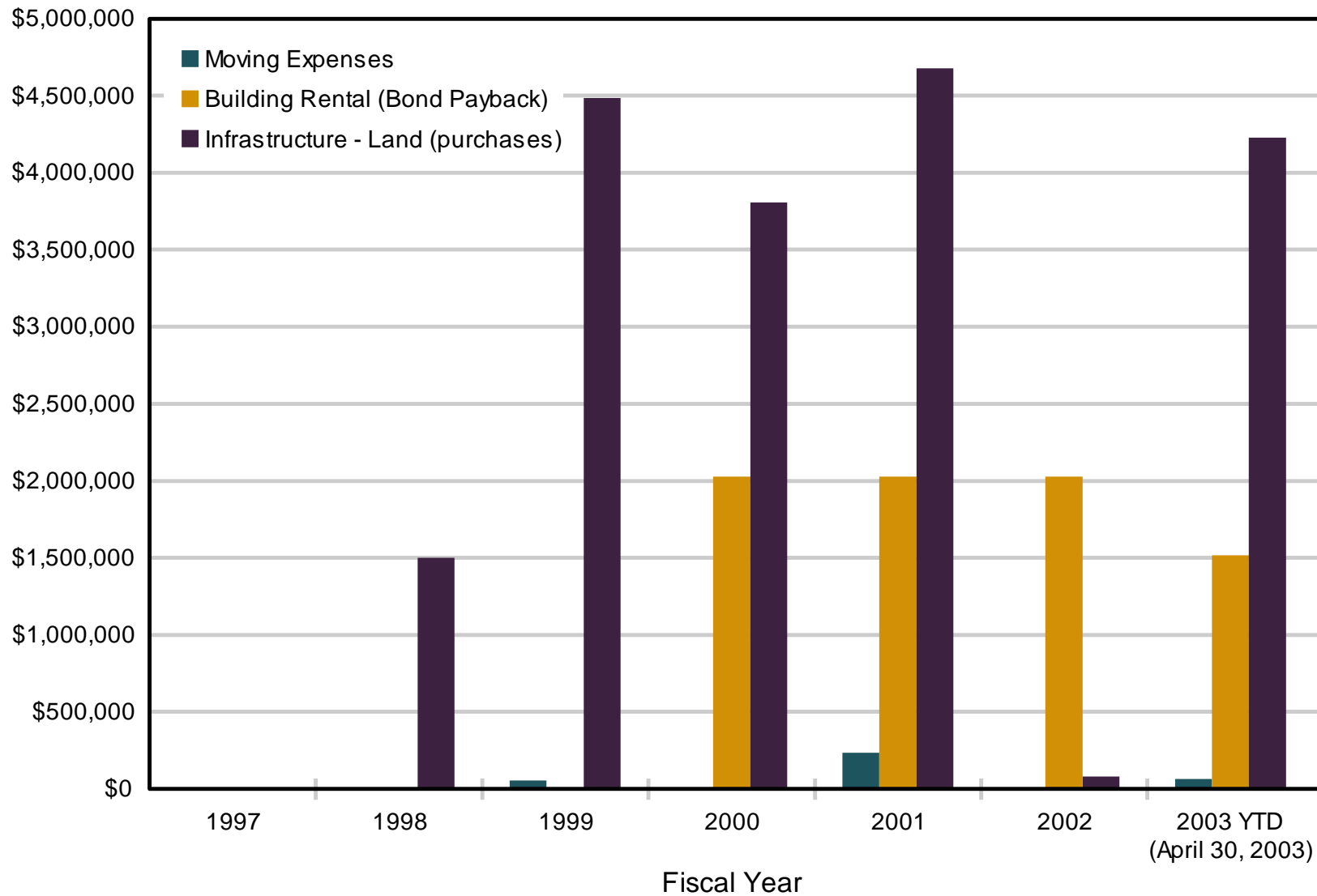
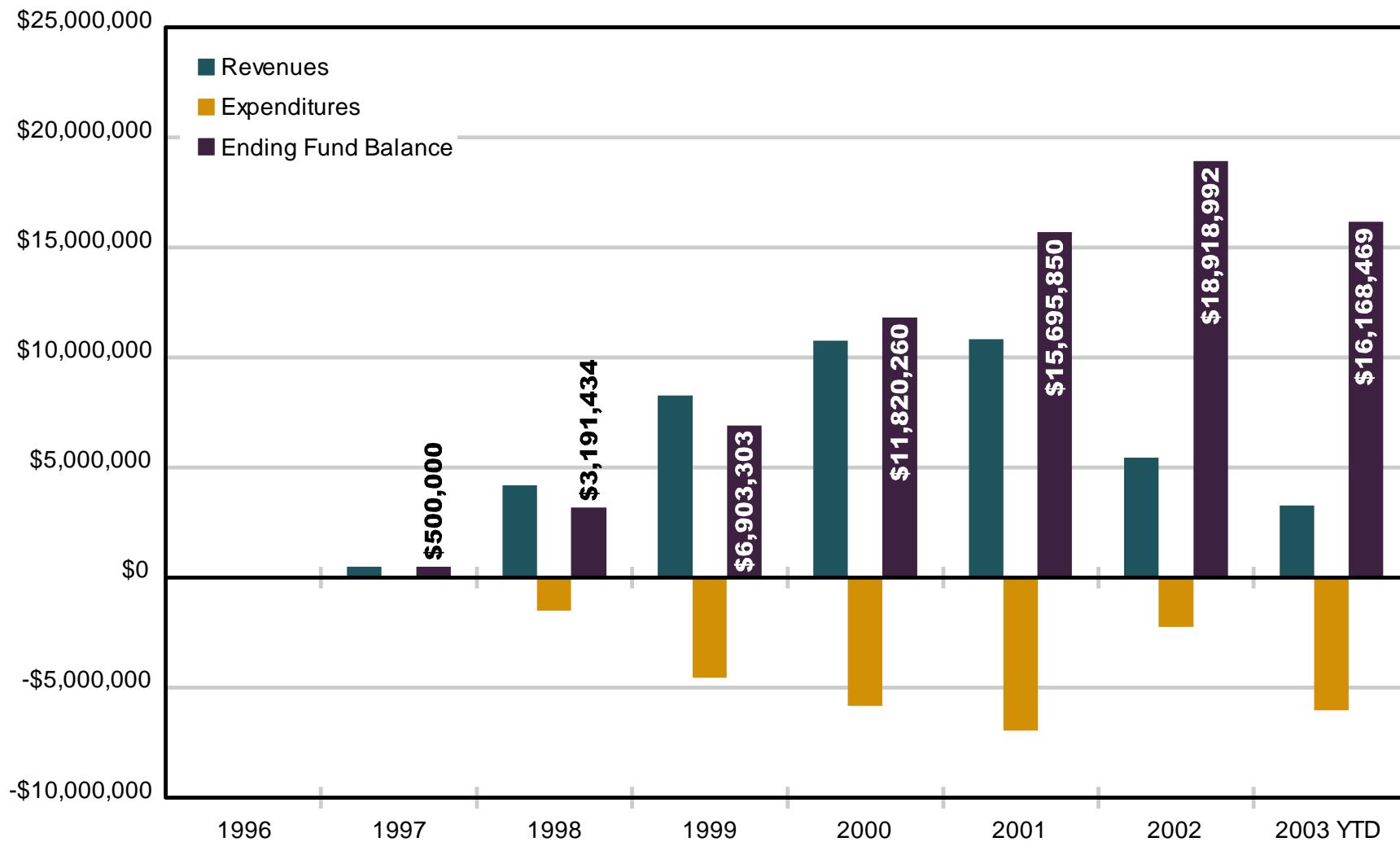
Exhibit II-6: Corridor Preservation Fund Expenditure Summary, 1997 through April 30, 2003

Exhibit II-7: Corridor Preservation Fund Balance Summary, 1997 through April 30, 2003

4. Expenditures to Date

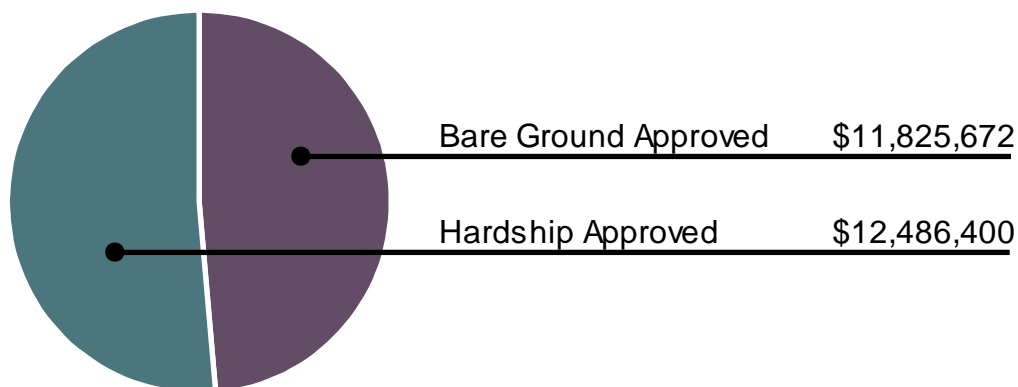
Purchases from the Corridor Preservation Fund can be divided into two categories:

- Bare Ground or Advance Acquisition
- Hardship Purchases

With the exception of a handful of purchases (e.g., those done in conjunction with UTA, Sandy City, and Draper City), all purchases from the fund to date have been owner initiated. In all, there have been about 55 hardship purchases amounting to about \$12.5 million. The average value of these purchases is a little over \$275,000. While there have been fewer bare ground purchases (a little over 32), the total dollar value is about equal. Exhibit II-8 summarizes expenditures through February 2002.

In terms of location, all fund purchases have been in the Salt Lake City metropolitan area, with over half along the US 89 corridor which lies parallel to and east of I-15. Land has also been purchased along the Western Transportation Corridor, the Legacy Highway Corridor, and in Sandy City and Draper City.

**Exhibit II-8: Hardship vs. Bare Ground Purchases:
Dollar Value, 1998 - February 2002**



a. Application Approval Rates

Only a few bare ground applications have been deferred or denied. In contrast, roughly one in five hardship applications have been denied.

III. Recommended Eligibility and Prioritization Process and Criteria

This section provides a recommended framework and approach for programming and prioritizing property acquisition using corridor preservation funds.

A. Purpose

Administrative processes and prioritization criteria around Utah's Corridor Preservation Fund have evolved in an ad hoc fashion. Virtually all purchases to date, both bare ground acquisitions and hardship relief, have been owner initiated. The funds are not being targeted to support a long-range corridor planning and preservation process on the part of UDOT or the area's MPOs.

Responsibility for administering the Corridor Preservation Fund has fallen primarily to UDOT's Right of Way Division, whose primary business is the execution of real estate transactions. While real estate transactions are part of the execution of a corridor preservation program, they do not in and of themselves constitute a strategy or plan.

Our baseline analysis found that the Corridor Preservation Council and the Transportation Commission to which the Council reports, have not articulated program objectives, a planning process to carry out those objectives, and prioritization criteria to choose projects that work toward effective corridor preservation. This section recommends criteria and a process for prioritizing the use of funds to support corridor preservation.

Recommendations address eligibility and prioritization criteria for bare ground or advance acquisitions.

The process outline for bare ground purchases takes as its starting point an assumption that UDOT and MPOs will establish (with local governments) a coordinated long-term corridor planning process.

- Eligibility criteria and verification mechanism for hardship purchases.
- Ongoing financial management, which include establishment of a clear point of fiscal accountability, the maintenance of a minimum balance, and the charging of interest on loans from the Fund to offset lost opportunity costs and inflation.

1. Bare Ground vs. Hardship: A Policy Issue

The enabling legislation that underpins Utah's Corridor Preservation Fund permits disbursements for both bare ground and hardship acquisitions. However,

the purpose and eligibility criteria for each are very different; therefore, it is not possible to rank projects of one category against the other. The statutes that govern the Corridor Preservation Fund do not specify any formula with which to determine what share of the Fund should be allotted to each.

The state's eligibility requirements for hardship are such that there is the potential for the number of claimants to exhaust the Fund many times over. Meanwhile, the purchase of bare ground real estate is costly, although it is the simplest, least legally vulnerable means of preserving right-of-way. Considering Utah's growth, the amount and cost of right-of-way needed to add capacity is also high. Given that there is no natural ceiling on either bare ground or hardship needs, policy direction with regard to the funding splits for each is needed. These recommendations outline a consistent verifiable approach for evaluating hardship requests. Managing the work to a \$3 million dollar balance is also recommended to provide contingency to address hardship requests.

B. Prioritization Process for Protective Acquisition

Below is found an overview of the recommended prioritization criteria and the selection process for protective acquisitions. Each step is further detailed in subsequent sections. The criteria are operationalized in the application packets included in Appendix C.

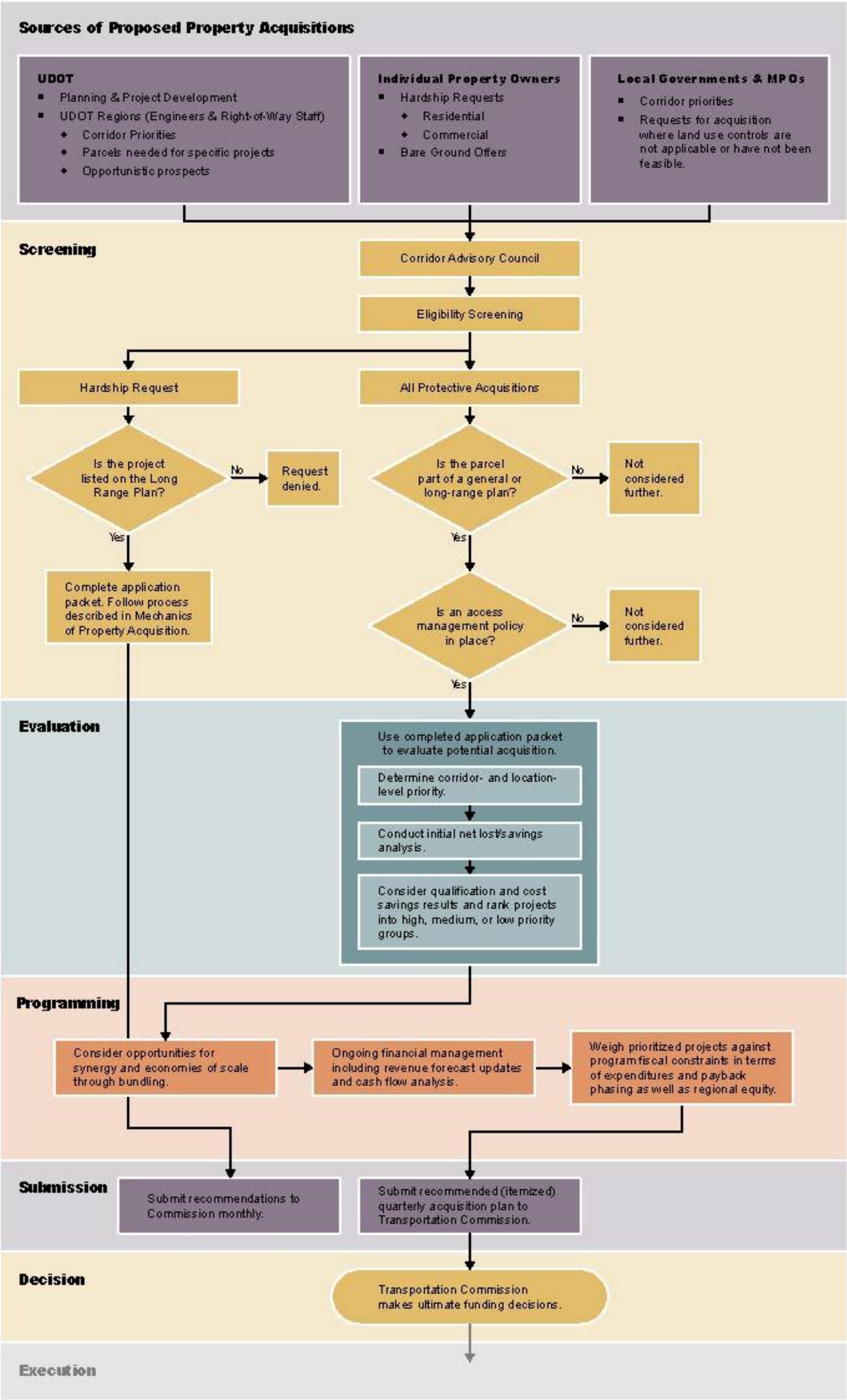
- **Step 1. Confirm that prospective acquisition is located on a priority corridor in a priority location.** The proposed prioritization process and criteria take as their starting point the identification and ranking of critical corridors. Based on previous analyses conducted for metropolitan and statewide plans, this effort could be undertaken by any combination of UDOT and MPO staff. In addition to identifying and setting boundaries around critical corridors, this team would pinpoint locations within the corridors with the greatest current or predicted need for transportation improvements.
- **Step 2. Confirm that the proposed acquisition is located in a jurisdiction that has access management policies in place.** This is required in the enabling legislation for Corridor Preservation Fund eligibility and it is reflected in the prioritization process.
- **Step 3. Qualitative and Quantitative analysis.** The proposed quantitative analysis is designed to estimate the cost savings (or losses) that purchasing a given parcel would entail. The analysis accounts for inflation, the year in which the project is expected to be built, and forecasted development rates. Other criteria include the pace of development, local support, and the presence of supportive land use policies and ordinances.

- **Step 4. The Corridor Preservation Advisory Council reviews rankings of prospective acquisitions.** Staff would assemble the various evaluations for each parcel on behalf of the Corridor Preservation Advisory Council so that this group could then rank order the candidates. It is envisioned that this process would occur quarterly as opposed to monthly.
- **Step 5. Ongoing financial management.** Active, ongoing financial management of the Corridor Preservation Fund would be required to ensure the Fund is not depleted without achieving the desired outcomes and to ensure that effective stewardship is demonstrated. At a minimum, the following measures are recommended:
 - Establishment of a clear point of fiscal accountability. This person or entity would be responsible for monitoring and reporting on Fund finances to the Corridor Preservation Council.
 - Maintenance of a minimum balance in the Fund.
 - Charging of interest on loans from the fund to offset lost opportunity costs and inflation.

The cycle of activities around Fund management would consist of the following:

- Determine amount of funding available for short-, medium-, and long-term acquisitions.
- Disburse funding for acquisitions and expenses.
- Monitor revenues, paybacks, and expenditures.
- **Step 6. Programming.** Financial data from the reporting mechanisms established in Step 5 would allow the Corridor Preservation Advisory Council to work with the list of ranked prospective acquisitions in order to balance available resources against needs. During the programming step, the Council could also take into account factors such as any economies of scale that could be gained by bundling multiple acquisitions. Geographic equity might also be an issue in programming. The deliverable from this step would be the Corridor Preservation Council's Recommended Funding Plan.
- **Step 7. Quarterly submittal to the Transportation Commission.** The Corridor Preservation Council's proposed "Corridor Preservation Funding Plan" would be submitted to the Transportation Commission on a quarterly basis for consideration.
- **Step 8. Decision of the Transportation Commission.** The Transportation Commission would decide on the Corridor Preservation Funding Plan recommended by the Corridor Preservation Advisory Council.

Exhibit III-1: Overview of the Recommended Corridor Preservation Fund Prioritization Process



1. Step 1. Confirm that Prospective Acquisition is Located on a Priority Corridor in a Priority Location

UDOT's Corridor Preservation Program should be based upon coordinated long-range planning that takes into account existing and future needs along key corridors. As a first step in the prioritization process, a planning team comprising UDOT and MPO planners would develop a ranked list of critical corridors and, within these corridors, the locations with the greatest need for transportation improvements.

Ultimately, the goal would be development of detailed corridor plans, which would reflect the interests and input of the communities and government jurisdictions in which they are located. Such corridor plans would encompass not only transportation facilities and operations, but would also integrate issues of land use, urban form, and community character.

In the short term, prioritization of corridors and locations within those corridors would likely account for the following factors:

- What function does the corridor serve? (e.g., commuter traffic, freight movement, connection to intermodal needs, etc.).
- How and where is the corridor serving or not serving its function? How well is it forecast to function in the future? Analysis in this area may include existing and predicted volume-to-capacity ratios and levels of service.
- What strategies would improve the functionality of this corridor? Strategies may include combination of land use controls, economic development incentives (such as tax breaks), and capital projects, including the addition of transportation capacity through development of new roadways, widening, and other forms of reengineering.

The bottom line deliverable from this initial corridor planning effort would be a list of ranked corridors—and with further specification, a ranked list of problem areas on those corridors. This list, a mockup of which is shown in Exhibit III-2, would be used to screen proposed property acquisitions for fund eligibility. In addition, the ranking of the corridors and their constituent segments would be a factor in the subsequent evaluation, which would help establish how critical the need is on a given segment of a designated corridor.

Exhibit III-2: Sample Corridor Ranking Report

Corridor Priority	Corridor Name	Boundaries	Location Priority	Critical Corridor Locations	Reason
1	Icy Wind Way	US 888 from Happy Valley to Cheersville	4	MP 112 to 114	Widen to 12 lanes.
1				MP 10-12	Improved access.
1			2	MP 111	Add capacity.
1			5	MP 133	Add 5-mile spur to connect to US 444.
1			6	MP 116-125	Add frontage road.
2	Tiger Mountain Bypass	US 777 from Airport to Sunland	12		
2			8		
2			10		
3	I-999 through Midville	I 111 from Midville to Rainland	11		
3			3		

2. Step 2. Confirm that Proposed Acquisition is Located in a Jurisdiction that by Ordinance Implemented an Access Management Policy

This is stated as a requirement in the enabling legislation.

3. Step 3. Quantitative and Qualitative Analysis

Cost-effectiveness is recommended as a critical criterion in prioritizing the use of funds because resources are finite and cost savings are supposed to be the major benefit of corridor preservation; therefore, a separate cost savings analysis for each proposed parcel is suggested.

This cost savings analysis would take into account the net cost of the property if purchased now, including improvements, appraisal, and other out of pocket expenses, as compared to the estimated cost at a specified future point. This calculation would require that the staff estimate two important factors: (1) the appreciation rate on bare ground; and (2) the appreciation rate for the parcel based on an estimated rate of development. Appendix C includes the proposed forms for evaluating funding requests.

The criteria are:

- Population growth forecast for community over the next 10 years.
- Local support measured by ordinances in place.
- Local support measured by financial support or contribution.
- Importance for project viability.
- **Cost Effectiveness**

4. Step 4. Ranking of Acquisition

The results of the foregoing evaluations would be used by the Corridor Preservation Advisory Council to score the proposed acquisitions.

5. Step 5. Ongoing Financial Management

In order to manage the Fund proactively, the Corridor Preservation Council and the Transportation Commission will need a means of understanding the Fund's cash flow to ensure that (1) the Fund is not depleted without effecting desired outcomes; and (2) that the Commission demonstrates effective stewardship by maintaining a reasonable, but not excessive, cash balance.

The consultant team performed initial financial modeling to forecast the Fund's cash balance under several spending scenarios. The model incorporates estimates of payback dates for parcels now held in the Fund, revenue estimates for the dedicated motor vehicle rental tax, interest earned on cash balances, and expenses. The results of this analysis, which underlie the recommendations pertaining to financial management, are contained in Appendix B.

Three general principles regarding the financial management of the Corridor Preservation Fund are recommended:

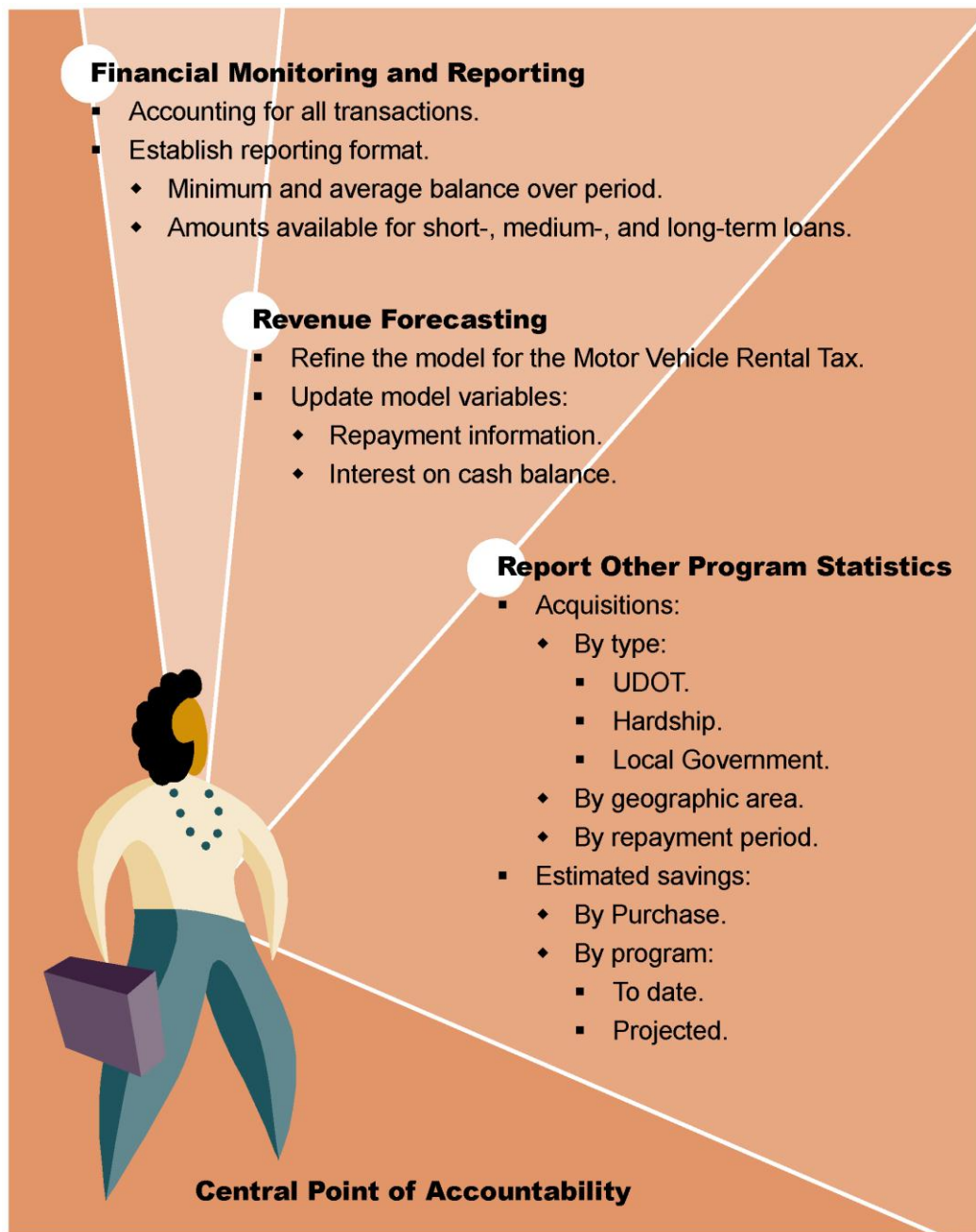
- Establish a clear point of accountability for the Fund's financial management. Staff accountability is now unclear, with pieces residing in UDOT's Finance, Planning, and Right of Way units.
- Maintain a minimum balance as a matter of policy to protect the Fund against lending risk; to provide a contingency; and to provide a constraint against potentially overwhelming hardship requests.
- Charge interest on loans from the Fund. Interest charges would compensate the Fund for lost investment opportunities and mitigate against inflation.

With regard to the first of the three general principles, establishment of a clear point of accountability for the Fund's financial management, the following business practices and activities are recommended as means of executing on this principle. Whether these business practices were carried out by a dedicated UDOT staff person or split among a team, the following functions would be helpful in establishing a business framework around active management of the Corridor Preservation Fund.

- Financial monitoring and reporting.
- Revenue forecasting.
- Reporting other program statistics.
- Budgeting and programming.

The activities under each of these recommended functions are depicted in Exhibit III-3.

Exhibit III-3: Corridor Preservation Revolving Fund Business Practices Recommendations



6. Step 6. Programming

According to the proposed process, the Corridor Preservation Advisory Council would arrive at its quarterly “Corridor Preservation Funding Plan,” which would reflect timing and funding constraints as determined through the ongoing financial management function.

The plan each quarter would allocate available funds to acquisitions that would be sold, resulting in payback to the funds under four time horizons:

- 0 - 48 months
- 48 months to 10 years
- 10 plus years to 15 years
- Over 15 years to 20 years
- 20 to 30 years

The dollar amount distributed between them would be such as to forecast forward a \$1 million balance. Therefore, the distribution each quarter will change. The recommended privatization procedures would then be applied to each “time bargain category.”

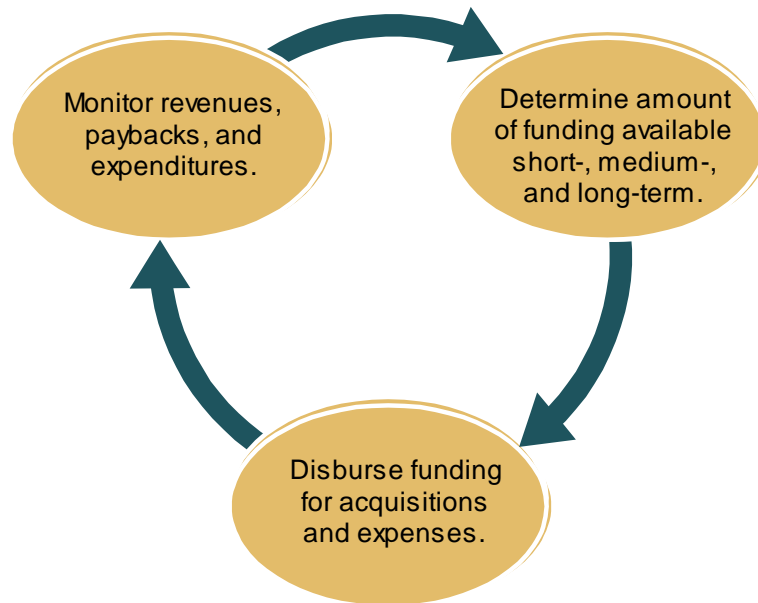
It is further anticipated that each quarter Corridor Preservation Program staff would request nominations of acquisition projects from UDOT regions and local jurisdictions for consideration.

The Corridor Preservation Advisory Council will need to engage in an ongoing cycle comprising the following:

- Determine amount of funding available for short-, medium-, and long-term acquisitions.
- Disburse funding for acquisitions and expenses.
- Monitor revenues, paybacks, and expenditures.

This cycle is depicted in Exhibit III-4.

Exhibit III-4: Corridor Preservation Fund Financial Management Cycle



With the potential acquisitions ranked or sorted on the basis of the evaluation tools just noted, the next step in the process of executing expenditures from the Corridor Preservation Fund would be a matter of bundling and weighing the projects in order to keep the fund balanced financially by arranging expenditures by size and payback timing.

At this point, other factors, such as economies of scale, bundling of purchases, and geographic equity could be considered. And, as in any capital improvement program, there would be some latitude for the fund keepers to accommodate special cases and juggle the approved expenditures to address unforeseen market pressures opportunities and other events.

7. Step 7. Proposed Funding Plan Submitted to Transportation Commission.

Each quarter a funding plan or budget for new acquisitions and advisory committee recommendations would be submitted.

8. Step 8. Transportation Commission Decision on Advisory Committee's Recommendations.

IV. Prioritization Process for Hardship Acquisition

The prioritization processes for hardship and protective acquisitions under the Corridor Preservation Fund are treated separately because the two types of acquisitions have wholly different origins and objectives. Described below is a proposed process for evaluating hardship requests to be funded from the Corridor Preservation Fund.

A. Hardship Acquisition – Federal and State Definitions

In general, hardship acquisition has the purpose of relieving the burden of ownership due to an owner's inability to sell because of the market stigma arising from public knowledge of a pending highway project. Hardship acquisition is an important and necessary function. It carries out the settled public policy that individual citizens should not suffer disproportionate injury as a result of projects intended to benefit the public as a whole.

However, the terms and definitions around hardship vary. In fact, the federal government has requirements for hardship acquisition that are much more stringent than those that govern hardship acquisitions from Utah's Corridor Preservation Fund.

The most constraining aspects of the federal requirements, stated in 23 CFR 710.503, are as follow:

- Prior approval by FHWA.
- Property is on a "preferred location."
- Project is on the currently approved STIP.
- State has complied with public involvement requirements.

Additionally, there are project restrictions, e.g., that hardship will only be applied to a particular parcel or a limited number of parcels on the project, and that the purchase will not influence the environmental assessment. Because of these federal requirements, states generally confine hardship purchases to situations where they can claim reimbursement for the federal matching share of the purchase cost up front.

Federal requirements specify that a project must be quite far along in its planning (i.e., it has to be on a fiscally constrained transportation improvement program) in order to be eligible for hardship consideration. In contrast, written policy for Utah's Corridor Preservation Fund sets no limits around the timeframe, likelihood, or detail of any plans that property owners may claim are precluding them from selling their property.

In setting forth the eligibility criteria for hardship purchases from the Corridor Preservation Fund, UDOT's written Corridor Preservation Process specifies that the owner need only document that he "cannot dispose of the property because of plans to construct a transportation facility." This lack of specification around the word "plans" creates many potential claimants, as UDOT has already experienced. To date, about 80 percent of all hardship applications have been granted, accounting for some \$12.5 million in expenditures.

As noted, about half of the purchases from the Corridor Preservation Fund have been hardship acquisitions. This hardship concentration in the context of what was established as a corridor preservation program is disadvantageous in that it puts UDOT in a reactive role and limits the ability to preserve corridors. To the extent that hardship claims proliferate, UDOT and its regional and local partners will be increasingly limited in their ability to plan and act on protective acquisitions and to grant the most meritorious hardship applications. It is recommended that the Corridor Preservation Council require higher levels of hardship documentation. Under existing conditions, documentation requirements are minimal and not applied systematically. Increasing the stringency of hardship documentation would discourage applications that are misleading or not in good faith.

B. Recommended Hardship Criteria

The following hardship criteria are recommended:

- The property must be located on a corridor slated for improvement in the state's Long Range Plan or other published plans.
- The property owner must document that retaining the property presents an undue hardship based on health, safety, or financial reasons [23 CFR 771.117 (d) 12].
- The property owner must document that they cannot dispose of the property because of plans specified in the State's Long Range Transportation Plan or other published plans.
- The property owner cannot reasonably alleviate the hardship if the state does not buy the property.
- The state's purchase will either partially or totally alleviate the hardship.
- The property owner must provide documentation to substantiate that these criteria are met.

C. Recommended Hardship Documentation Requirements

To systematically implement standardized criteria for hardship acquisition, it is recommended that each property owner must complete an application packet,

containing a written request or statement, a UDOT hardship application form, and other documents as indicated in Exhibit IV-1, depending on the nature of the hardship.

Exhibit IV-1: Proposed Hardship Documentation Requirements

Item	Explanation	Circumstance
Written request or statement	Outlining the reasons why owner(s) must sell the property at this time.	
Application	Completed and signed by owner(s). (See Appendix D.)	
Financial statement	Summary of property owner(s)' assets and liabilities (residential or commercial). (See Appendix D.)	Not required if the hardship request is due to medical problems, job transfer, advanced age or retirement move.
Market substantiation	Evidence of reasonable attempt to market the property: <ul style="list-style-type: none"> • Copy of valid listing • Statement from a broker citing reasons the property has not or cannot be sold 	If there have been other unsuccessful attempts to sell the property at fair market value, then listing the property is not required. The Region should state in its recommendation that the property cannot be sold at fair market value because of the proposed project.
Income tax authorization	Signed authorization to obtain a copy of federal income tax return.	Optional if the Region is satisfied with all of the financial information supplied by the applicant.
Doctor's statement or equivalent		Required if hardship request is based on a medical reason. It is recommended that UDOT develop a form for medical providers indicating the precise nature, severity, and expected duration of the medical hardship. Information regarding diagnosis, treatment plan, and prognosis could be required.
Verification from employer		Required if hardship request is based on a transfer of employment

Appendix D illustrates how these recommended requirements can be applied in an application form.

Appendix A. Interviewees



Elected and Appointed Officials, Metropolitan Planning Organization Representatives, and UDOT staff and management interviewed.

Elected and Appointed Officials

Representative Marda Dillree	Utah House of Representatives
Commissioner Jan Wells	Transportation Commission
Mayor Jerry Stevenson	Layton City

MPOs

George Ramjoue	Wasatch Front Regional Council (WFRC)
Mike Brown	WFRC
Darryll Cook	Mountainland Association of Governments (MAG)
Chad Eccles	MAG
Shawn Seager	MAG

UDOT Staff

Tim Boschert	Access Management
Chuck Larson	Comptroller
Lyle McMillan	Right of Way
John Quick	Planning
Paul Vidmar	Planning
Matt Swapp	Planning

Local Government Staff

Nick Jones	City of Provo
Myles Stademan	Park City
Aaron Baker	St. George
Shane Jones	Bluffdale
Paul Larson	Brigham City
Paul Teuscher	Cache County
Scott Carter	Layton City
Lorren Powell	Lehi City
Robert Hugie	Moab
Doug Smith	Wasatch County

Appendix B. Financial Modeling and Analysis



A. Introduction

Although UDOT has carefully recorded Corridor Preservation Fund revenues and expenditures since program inception, little financial analysis has been performed to date. The Corridor Preservation Fund Council has functioned in a primarily reactive mode, responding to hardship requests (albeit with an increasing emphasis on protective acquisitions). Three general principles for ongoing Fund management are recommended:

- Establish a clear point of accountability for the Fund's financial management. Staff accountability is now unclear, with pieces residing in UDOT's Finance, Planning, and Right of Way units.
- Maintain a minimum balance as a matter of policy to protect the Fund against lending risk; to provide a contingency; and to provide a constraint against potentially overwhelming hardship requests.
- Charge interest on loans from the Fund. Interest charges would compensate the Fund for lost investment opportunities and mitigate against inflation.

In the absence of prioritization criteria, it has been difficult to manage the resources of the Corridor Preservation Fund proactively.

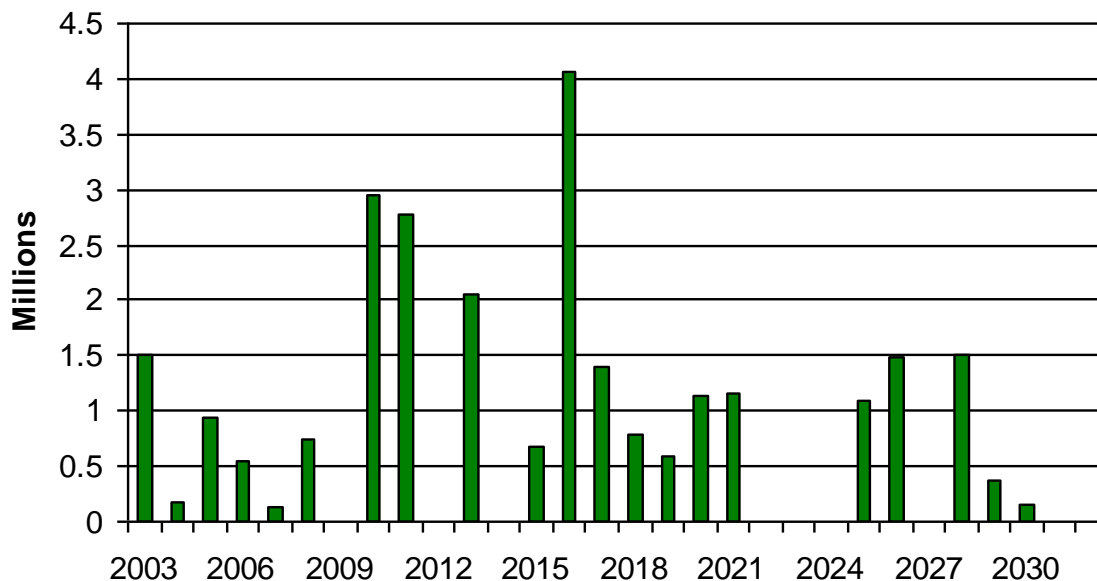
The other part of the equation in terms of fund management focuses on the timing and volume of revenues available to make purchases. This work effort has developed financial forecasts of the rental vehicle tax; assembled estimates of payback dates for parcels held by the fund; and used these figures under various scenarios to understand their cash flow implications. These analyses give the Corridor Preservation Council and the Transportation Commission a clearer sense of what level of spending the fund will support under various conditions.

D. Revenue Forecasts and Cash Flow Scenarios

1. Payback Date Estimates

The rental vehicle tax and paybacks to the revolving fund combined account for more than 80 percent of fund revenues. As part of this work, the payback date for each parcel held by the Corridor Preservation Fund was estimated by UDOT staff. The results of these estimates, expressed in dollars, are shown in Exhibit B-1.

**Exhibit B-1: Estimated Payback Dates and Amounts for
Parcels Held in the Corridor Preservation Fund**



2. Motor Vehicle Tax Revenue Forecasts

Besides loan paybacks, vehicle rental revenues are the other key revenue source for the fund. The consultant team developed a simple econometric model with which to forecast vehicle rental revenues. The other revenue sources are spread among multiple sources and as minor contributors would not produce much modeling value. The variables for the rental tax revenue are predicted US gross domestic product and gross state product, each of which implicitly accounts for travel volumes. The equation for this model can be stated as follows:

$$R(t) = 38.1GDP_t + 46,184.2GSPT$$

Where:

$R(t) =$	rental tax in year t
$T =$	year
$GDP_t =$	gross domestic product in year t
$GSPT =$	gross state product in year t

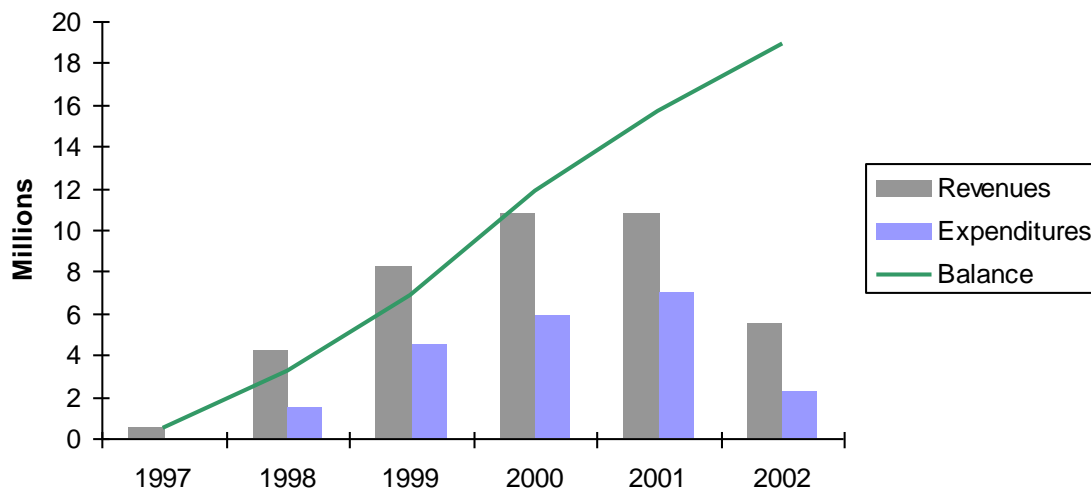
This model yields an R2 of 0.89 and a mean average percent error of 2 percent. The accuracy of this model could be improved by adding DRI-WEFA variables, which were not available at the time of this work.

3. Cash Flow Scenarios

a. Existing Conditions: 1997-2002

Depicted in Exhibit B-2 is the history of the Corridor Preservation Fund's revenues, expenditures, and cash balance. The rate of expenditure relative to revenue has resulted in a sizable cash balance.

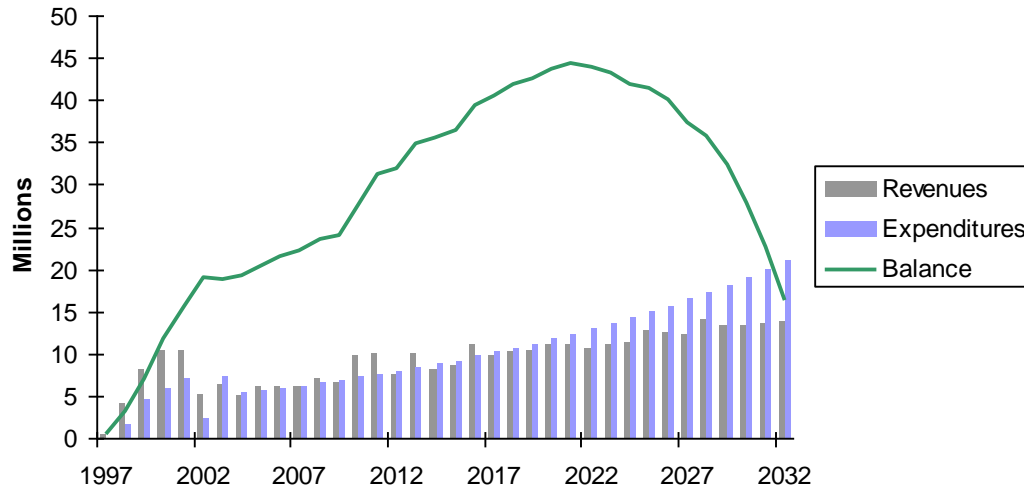
Exhibit B-2: Corridor Preservation Fund Revenues, Expenditures, and Cash Balance: Inception through June 30, 2002



b. Expenditure at Historical Average plus Incremental Growth

Continued expenditures at the \$5.4 million historical average (plus 5.0 percent growth per year) would result in a large and growing cash balance until about 2020, at which point the balance would decline (Exhibit B-3). The decline that begins around 2022 is a function of the assumed 5.0 percent increase in expenditures each year.

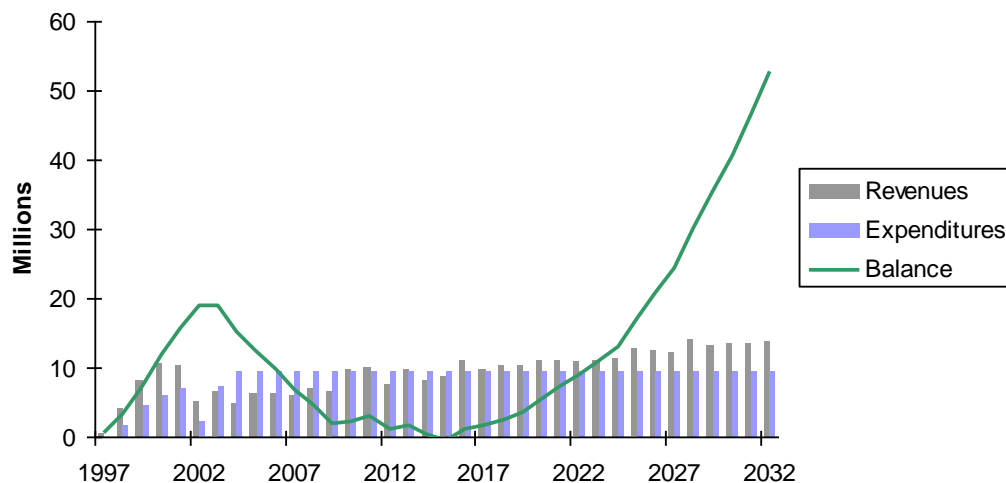
Exhibit B-3: Cash Balance Results of Expenditures at Historical Average plus Incremental Growth



c. Expenditure Exceeding the Historical Average

If the Transportation Commission raised its expenditures from the current average of \$5.4 million per year to \$9.4 million per year, the Corridor Preservation Fund would be depleted between 2012 and 2017, gradually building up a cash balance in succeeding years. (Exhibit B-4). The severe dip between 2012 and 2017 is a function of the low volume of anticipated land paybacks.

Exhibit B-4: Cash Balance Results of Expenditures Exceeding Historical Average



Appendix C: Sample Protective Acquisition Score Card



I. Introduction

The purpose of this form is to document the eligibility and evaluate candidate projects for the acquisition of property through UDOT's Corridor Preservation Fund. The completed form will be used by the Corridor Preservation Advisory Council to prioritize acquisition requests and to ensure maximum benefits from the use of the funds. There is a separate set of forms for hardship purchase. These are available from _____.

A. Background

These forms apply the concepts and framework developed through the UDOT Corridor Preservation Study and documented in the *Baseline Conditions, Prioritization Process, and Criteria Report*.

B. Eligibility Criteria

The following are the eligibility criteria:

- 1. Is the protective acquisition for real property required for a project that is listed in: UDOT's long-range plan, the statewide transportation improvement program, an urban area plan or general plan?**

If yes, please specify which.

If no, then the proposed acquisition is not eligible for funding through the Corridor Preservation Fund.

2. Is an access management policy or ordinance in place?

If yes, please reference the policy or ordinance in the jurisdiction in which the property is located.

If no, then the proposed acquisition is not eligible for funding through the Corridor Preservation Fund. This is a statutory requirement in the enabling legislation for the Corridor Preservation Fund.

If the proposed acquisition meets both these eligibility requirements, UDOT then requests additional information for prioritizing requests for finding.

C. Prioritization Criteria

The prioritization criteria are designed to ensure the most effective use of scarce corridor preservation funds. The criteria are:

- In a rapidly growing area, the pace of development using population growth forecasts as an indicator.
- Extent of local support for corridor preservation measured by whether supportive ordinances, zoning, or other development review practices are in place.
- Extent of local support measured by public or private matching funds or contributions such as donation of right of way.
- Importance for project viability; for example, acquisition of property required for a planned interchange that might not be constructed for a number of years but for which UDOT knows there is little possibility of adjusting the design.
- Cost effectiveness, which is measured by the estimated savings in construction cost due to protective acquisition. A simple worksheet for computing this is provided.

D. Prioritization Scoring Form

[illegible]

E. Protective Acquisition Description

Date:

Location and description of parcel:

If the parcel is bare ground, are abutting parcels developed? If yes, describe.

Estimated Costs:

Estimated year in which parcel is required for project:

- Is the project in the construction program?
- Describe project.
- Any other comments.

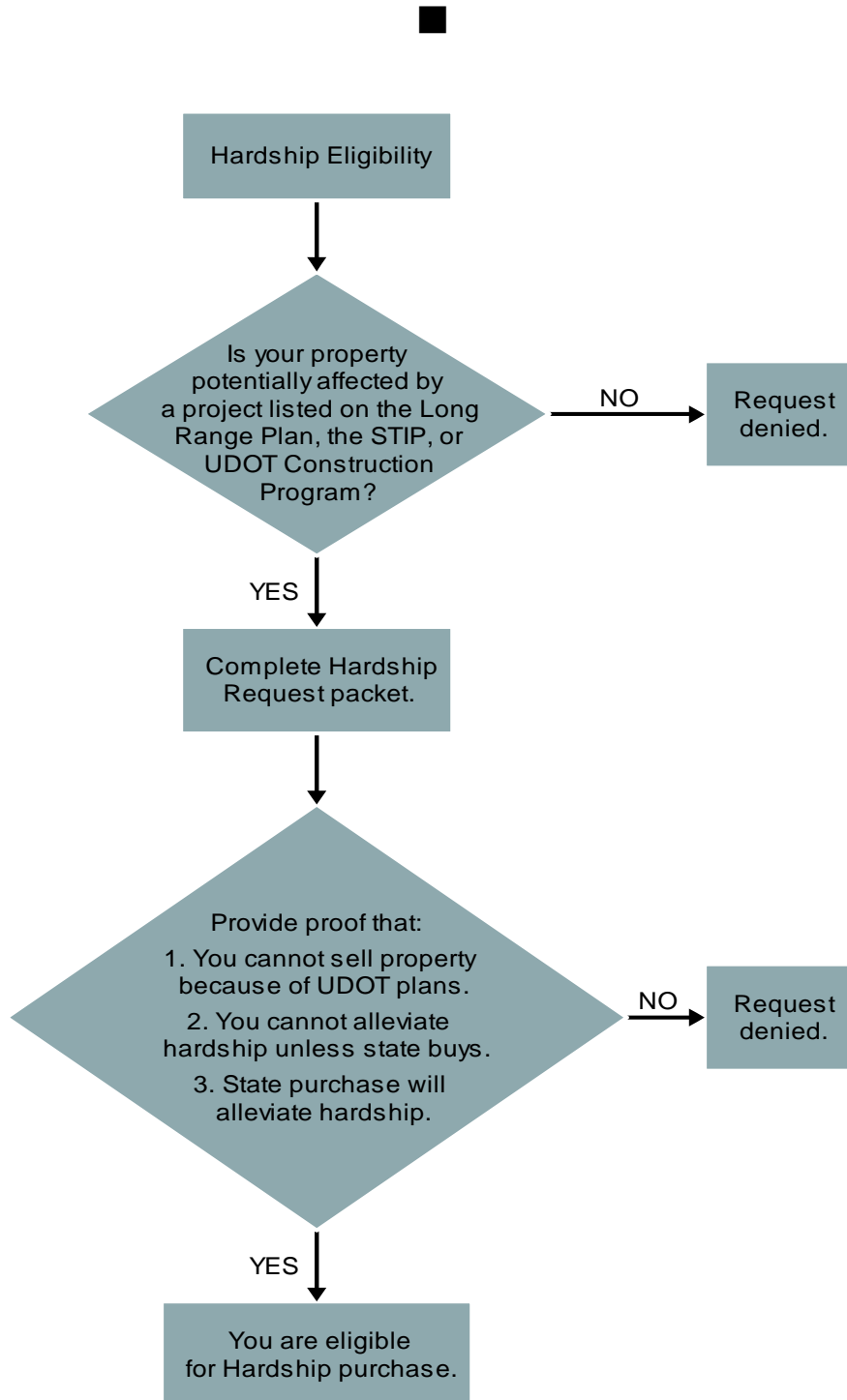
F. Cost Effectiveness Worksheet

Date: _____		
Project: _____		
Estimated Cost if Purchased Now (current market value):		
Land:		
Improvements:		
Out-of-Pocket Expense:		
1 – Total, Current Cost		
Estimated Cost in Year of Planned Acquisition:		
Land: Current Value * Escalation		
Improvements: Current Value * Escalation		
2 – Total, Estimated Future Cost		
Estimated Annual Escalation Cost for Location		
3 – Estimated Savings, Acquisition Cost in Planned Program Year		
For Bare Land		
Estimated Probability of Development	%	
Year of Development		
Estimated Value of Development		
4 – Estimated Additional Cost Due to Development = Value x Probability		
Cost Effectiveness $\frac{2 + 4}{1}$		

Appendix D: Sample Hardship Application



Eligibility for Hardship Purchase Quick Assessment



Submittal Checklist



Please send completed form to:

Address any questions to:

A. Introduction

This packet contains instructions and forms required for application for hardship acquisition by the Utah Department of Transportation.

The Utah State Transportation Commission governs a Transportation Corridor Preservation Fund that was established in 1996 by the state legislature to fund protective acquisition of property in key transportation corridors. Day-to-day administration of this fund is carried out by the Utah Department of Transportation (UDOT). Advance acquisition sets aside land before it is actually needed for construction, thereby preventing more intensive development on that land, which reduces the cost of the right of way and results in fewer environmental, economic, and social disruptions.

The Transportation Corridor Preservation Fund is also authorized for use in cases of health, safety, and/or financial hardship. In general, hardship acquisition relieves the burden of ownership if an owner is unable to sell property due to the market stigma caused by public knowledge of planned transportation projects. In order to be eligible for hardship acquisition through the Transportation Corridor Preservation Fund, the screening criteria listed in Exhibit I-I must be met.

Exhibit I-I: Screening Criteria for Hardship Acquisition

-
- (1) The property is potentially impacted by a project of the UDOT long range plan or statewide transportation improvement program.
 - (2) The owner cannot dispose of the property because of plans to construct a transportation facility.
 - (3) The owner cannot reasonably alleviate the hardship if the State does not buy the property.
 - (4) The State's purchase will either partially or totally alleviate the hardship.
-

B. Projects on the Long-Range Plan

Unless your property abuts a project on UDOT's long-range plan or is listed in the transportation improvement program, you are not eligible. These documents determine where construction will take place over the next 30 years. To identify a listing of current projects, visit UDOT's website and review the 5-year Plan STIP and the 30-year Plan to see if you are impacted. If you are uncertain as to possible impacts, contact _____.

C. What is Hardship?

UDOT recognizes the sources of hardship shown in Exhibit I-II.

Exhibit I-II: Reasons for Health, Safety, and Financial Hardship Recognized by UDOT

An applicant may be eligible for the Health and Safety Hardship if he or she:	<ul style="list-style-type: none"> • Is of advanced age and needs care or assistance from others. • Has ambulatory defects or diseases and present facilities are inadequate or cannot be maintained by owner. • Has major disabilities or equivalent disabilities. • Has a doctor's recommendation to change climate or physical environment. • Has non-decent, unsafe, and unsanitary housing, such as overcrowded living conditions, and the property did not exceed decent, safe, and sanitary standards at the time the owner originally bought it.
An applicant may be eligible for Financial Hardship if he or she:	<ul style="list-style-type: none"> • Is experiencing probate or other litigation. • Has suffered a loss of employment. • Has retired, resulting in financial inability to maintain current residence or purchase retirement home. • Has a pending mortgage or tax foreclosure. • Has experienced a job transfer or change of work location, which has created a need to move. • Is undergoing financial distress involving personal or business circumstances. • Is suffering a substantial burden, such as maintenance taxes and/or rehabilitation costs. • Has experienced a monetary loss, a loss of income, or vacant properties. An owner is eligible when the proposed project is the immediate cause of the monetary loss. The owner must demonstrate that the project creates an adverse effect upon business profitability or upon property.

Property owners who can demonstrate that planned transportation projects impose on them undue hardship must demonstrate their hardship by submitting the documentation required in this application package. These requirements are intended to ensure that the state's limited hardship acquisition resources are equitably and consistently applied to the neediest individuals and families.

D. Documentation Requirements

All applicants are required to complete and submit:

- Forms 1 and 2, the Basic Application Form and the Real Estate Broker's Statement, respectively.
- Those applicants who are applying on the basis of Health/Safety must obtain documentation from their physicians using Form 3, "Physician's Statement."
- Those applying because of a financial hardship due to a change in the location of their employment must obtain verification by using Form 4, "Employer Verification."
- Those who are applying on the basis of individual financial hardship must complete and submit Form 5, "Individual Financial Statement."
- Those applying on the basis of Business Financial Hardship must complete and submit Form 6, "Business Financial Statement."

Basis of Hardship	Form Name	Form Number
ALL	Basic Application Form	1
ALL	Broker's Statement	2
Health/Safety Hardship	Physician's Statement	3
Financial Hardship—Job Location Change	Employer Verification	4
Individual Financial Hardship	Individual Financial Statement	5
Business Financial Hardship	Business Financial Statement	6

1. Basic Application Form (Form 1)

Note: All applicants, regardless of the basis for hardship, must complete and submit this form.

All questions in this application should be answered and should give complete details. If more space is required, additional pages may be attached.

DATE _____

I. NATURE OF HARDSHIP:

☐ HEALTH ☐ FINANCIAL ☐ OTHER _____

☐ I request an early acquisition of my property described in Item 11 for reasons as stated in my letter(s) and/or statement(s) dated _____

☐ I request hardship acquisition of my property described in Item 11 for the following reasons:

NAME OF APPLICANT			
MAINING ADDRESS			
RESIDENCE PHONE	BUSINESS PHONE	PRESENTLY EMPLOYED? <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> SELF-EMPLOYED <input type="checkbox"/> OTHER	
OCCUPATION		POSITION	
EMPLOYED BY		YEARS	MONTHS
NAME OF SPOUSE			
PRESENTLY EMPLOYED? <input type="checkbox"/> NO <input type="checkbox"/> YES <input type="checkbox"/> SELF-EMPLOYED <input type="checkbox"/> OTHER			
OCCUPATION		POSITION	
EMPLOYED BY		YEARS	MONTHS
DEPENDENTS (LIST, INCLUDE AGES)			
II. PROPERTY FOR WHICH HARDSHIP ACQUISITION IS BEING REQUESTED			
ADDRESS OR LOCATION			
CURRENT PROPERTY TAXES \$			
IMPROVEMENTS: <input type="checkbox"/> YES <input type="checkbox"/> NO <input type="checkbox"/> SINGLE-FAMILY RESIDENCE		# OF BEDROOMS	# OF BATHROOMS
TOTAL # OF ROOMS			
<input type="checkbox"/> RESIDENTIAL # OF INCOME UNITS \$		<input type="checkbox"/> COMMERCIAL # OF UNITS	
ESTIMATED PRESENT TOTAL VALUE		DATE ACQUIRED	PURCHASE PRICE \$
DID YOU HAVE KNOWLEDGE AT TIME OF PURCHASE, THAT A PROPOSED FREEWAY MIGHT AFFECT THE PROPERTY?		<input type="checkbox"/> NO <input type="checkbox"/> YES	
OWNER OCCUPIED? IF YES, ESTIMATED FAIR RENTAL <input type="checkbox"/> YES <input type="checkbox"/> NO \$		IS A PORTION OR ALL OF THE PROPERTY RENTED? IF YES, RENTAL DATE <input type="checkbox"/> YES <input type="checkbox"/> NO \$	
Under penalty of perjury the undersigned certifies that the above statements and supporting attachments are true and correct to the best of my knowledge as of the date indicated. I hereby authorize the Utah Department of Transportation to contact any of the above-mentioned individuals and/or entities for the purpose of verification of my hardship situation.			
SIGNATURE		DATE	

2. Real Estate Broker's Statement (Form 2)

This form is intended to provide verification that the property owners who have applied to UDOT for hardship acquisition have been unable to or cannot, because of market conditions, sell their property. All applicants, regardless of the basis for hardship, must complete and submit this form.

APPLICANT INFORMATION

Applicant

Home Phone

Work Phone

Applicant's Address

Name of Property in Question

Address of Property for which Hardship Acquisition is Requested

REAL ESTATE BROKER INFORMATION

Real Estate Broker's Name

Broker's License Number

Broker's Employer

Years and Months Employed

Address

Business Phone

Broker's Statement

Please describe the dates and outcomes of past efforts to sell the property referenced above and/or reasons for which it cannot be sold. Include listing dates and listing price. Please explain how the listing price was arrived at (e.g., market analysis). If available, please indicate if any others were available. If so, what was the offer?

Under penalty of perjury the undersigned certifies that the above statements and supporting attachments are true and correct to the best of my knowledge as of the date indicated.

Signature of Broker

Date

Print Name of Broker

3. Physician's Statement (Form 3)

This form is intended to provide verification that the property owner named below does already or will suffer health and/or safety hardship as a result of his or her inability to sell this property.

APPLICANT INFORMATION

Applicant

Home Phone

Work Phone

Applicant's Address

Name of Property in Question

Address of Property for which Hardship Acquisition is Requested

PHYSICIAN INFORMATION

Physician's Name

Address

Phone

Physician's Statement

Please describe the medical reason(s) for which the applicant named above must sell the property listed above at this time.

Under penalty of perjury the undersigned certifies that the above statements and supporting attachments are true and correct to the best of my knowledge as of the date indicated.

Signature of Physician

Date

Print Name of Physician

4. Employer's Verification (Form 4)

This form is intended to provide verification that the property owner who has applied to UDOT for hardship acquisition has received a change in work location due to a transfer or new position.

APPLICANT INFORMATION

Applicant Home Phone Work Phone

Applicant's Address

Years and Months Employed by this Company

EMPLOYER INFORMATION

Employer Type of Business

Applicant's Supervisor Phone

Address

Applicant's Work Location

Applicant's Future Work Location Effective Dates

Employer Verification

Please indicate below the effective date and location of the applicant's employment with your company.

Under penalty of perjury the undersigned certifies that the above statements and supporting attachments are true and correct to the best of my knowledge as of the date indicated.

Signature of Employer Date

Print Name of Employer

5. Personal Financial Statement (Form 5)

Only to be completed if personal financial hardship relief is sought.

PERSONAL INFORMATION NOTICE
Pursuant to the Federal Privacy Act (P.L. 93-579) and the Information Practices Act of 1977 (Civil Code Sections 1798, et seq.), notice is hereby given for the request of personal information by this form. The requested personal information is voluntary. The principal purpose of the voluntary information is to facilitate the processing of this form. The failure to provide all or any part of the requested information may delay processing of this form.

As of _____, 20__\3

Name _____ Age ____ Employed by _____ Years ____

Address _____ Occupation _____ Name of Spouse _____ Age ____

TO: Utah Department of Transportation

The undersigned, for the purposes of obtaining consideration for hardship acquisition of my transportation-affected property under the hardship program, submits the following information:

ASSETS	DOLLARS	LIABILITIES (TOTAL AMOUNT DUE)	DOLLARS
CHECKING ACCOUNTS		ACCOUNTS PAYABLE (INSTALLMENT PURCHASES)	
1. _____		1. _____	
2. _____		2. _____	
3. _____		3. _____	
SAVINGS ACCOUNTS (SCHEDULE A) _____		4. _____	
STOCKS AND BONDS (SCHEDULE B) _____		NOTES PAYABLE _____	
NOTES RECEIVABLE-GOOD _____		1. _____	
CASH SURRENDER VALUE LIFE INSURANCE _____		2. _____	
AUTOS _____		TAXES PAYABLE _____	
(Year-Make) (Year-Make)		CONTRACTS PAYABLE _____	
REAL ESTATE (SCHEDULE C) _____		(To Whom)	
OTHER ASSETS (DESCRIBE)		REAL ESTATE INDEBTEDNESS	
1. _____		(SCHEDULE C) _____	
2. _____		OTHER LIABILITIES (DESCRIBE)	
3. _____		1. _____	
4. _____		2. _____	
5. _____		3. _____	
		4. _____	
TOTAL ASSETS		TOTAL LIABILITIES	
LESS TOTAL LIABILITIES			
NET WORTH			

ASSETS	DOLLARS	ANNUAL EXPENDITURES (EXCLUDING ORDINARY LIVING EXPENSES)	DOLLARS
SALARY _____		REAL ESTATE PAYMENT(S) _____	
SALARY (SPOUSE) _____		RENT _____	
DIVIDEND INCOME _____		INCOME TAXES _____	
GROSS RENTAL INCOME _____		INSURANCE PREMIUMS* _____	
OTHER (DESCRIBE) _____		PROPERTY TAXES* _____	
1. _____		OTHER (DESCRIBE-INCLUDE INSTALLMENT	
2. _____		PAYMENTS OTHER THAN REAL ESTATE)	
3. _____		1. _____	
4. _____		2. _____	
5. _____		3. _____	
6. _____		4. _____	
7. _____		5. _____	
TOTAL INCOME		TOTAL EXPENDITURES	
LESS TOTAL EXPENDITURES			
NET CASH INCOME			
(EXCLUSIVE OF ORDINARY LIVING EXPENSES)			
SCHEDULE A—SAVINGS			
Savings Institution and Address		AMOUNT	
1. _____			
2. _____			
3. _____			
4. _____			
5. _____			
TOTAL (ENTER ON FRONT PAGE) Description			
SCHEDULE B—STOCKS AND BONDS			
Number of Shares	Description	Current Value	
Amount of Bonds			
1. _____		\$ _____	
2. _____			
3. _____			
4. _____			
TOTAL (ENTER ON FRONT PAGE)			
SCHEDULE C—REAL ESTATE			
Location and Type of Improvements	Title	To Whom Payable	
1. _____			
2. _____			
3. _____			
4. _____			
TOTAL (ENTER ON FRONT PAGE)			
If additional space is needed for Schedule A, Schedule B, and/or Schedule C, list on separate sheet and attach.			
<p>The undersigned certifies that the above statement (or in lieu thereof, the attached statement, as the case may be) and supporting schedules, be they printed and written, give a full, true, and correct statement of the financial condition of the undersigned as of the date indicated.</p>			

Signature

Date

Signature

Date

6. Business Financial Statement (Form 6)

Only to be completed if business marketing relief is sought.

PERSONAL INFORMATION NOTICE

Pursuant to the Federal Privacy Act (P.L. 93-579) and the Information Practices Act of 1977 (Civil Code Sections 1798, et seq.), notice is hereby given for the request of personal information by this form. The requested personal information is voluntary. The principal purpose of the voluntary information is to facilitate the processing of this form. The failure to provide all or any part of the requested information may delay processing of this form.

PARTNERSHIP OR CORPORATION

FINANCIAL STATEMENT OF

RECEIVED AT _____ BRANCH

NAME _____

BUSINESS _____

ADDRESS _____

AT CLOSE OF BUSINESS _____ 20 ____

TO:

ASSETS	DOLLARS	CENTS	LIABILITIES	DOLLARS	CENTS
Cash in _____ (Name of Bank)			Notes Payable to Banks _____		
Cash on Hand _____			Notes Payable and Trade Acceptances for Merchandise _____		
Notes Receivable and Trade Acceptance (Includes \$ ____ Past Due)			Notes Payable to Others _____		
Amounts Receivable- \$ ____ Less Reserves \$ ____			Accounts Payable (Includes \$ ____ Past Due) Due to Partners, Employees, Relatives, Officers, Stockholder or Allied Companies		
Customer's (Includes \$ ____ Past Due)			Chattel Mortgages and Contracts Payable Describe Monthly Payments) \$ _____		
Merchandise-Finished-How Valued _____			Federal and State Income Tax _____		
Merchandise-Unfinished-How Valued _____			Accrued Liabilities (Interest, Wages, Taxes, Etc.) _____		
Merchandise-Raw Material-How Valued _____			Portion of Long-Term Debt Due Within One Year _____		
Supplies on Hand _____					
Stocks and bonds—Listed (See Schedule B) _____					
TOTAL CURRENT ASSETS			TOTAL CURRENT LIABILITIES		
Real Estate-Less Depreciation of: \$ ____ Net (See Schedule A)			Liens on Real Estate (See Schedule A) \$ ____		
Machinery and fixtures- Less Depreciation of: \$ ____ Net			Less Current Portion Included Above \$ ____ Net		
Automobiles and Trucks- Less Depreciation of: \$ ____ Net					
Stocks and Bonds-Unlisted (See Schedule B) _____			Capital Stock-Preferred _____		
Dues from Partners, Employees, Relatives, Officers, Stockholders of Allied Companies _____			Capital Stock-Common _____		
Cash Surrender Value of Life Insurance _____			Surplus-Paid In surplus-Paid In _____		
Other Assets (Described) _____			Surplus-Earned and Undivided Profits _____		
			Net Worth (If Not Incorporated) _____		
TOTAL			TOTAL		

PROFIT AND LOSS STATEMENT FOR THE PERIOD FROM _____ TO _____				RECONCILIATION OF NET WORTH OR EARNED			
		DOLLARS	CENTS		DOLLARS	CENTS	
Net Sales (After Return Sales and Allowances)				Net Worth or Earned Surplus at Beginning of Period			
Cost of Sales				Add Net Profit or Deduct Net Loss _____			
				Total			
Beginning Inventory				Other Additions (Describe) _____			
Purchases (or cost of goods mtg)				Total			
TOTAL				Less: Withdrawals or Dividends			
Less Closing Inventory				Other Deductions (Explain) _____			
Gross Profits on Sale				Total Deductions			
Operating Expenses:				Net Worth or Capital Funds on this Financial Statement			
Salaries—Officer or Partners				CONTINGENT LIABILITIES (Not Included Above)			
Salaries and Wages—Other				There are no lease liabilities in existence nor are there assets pledged to secure leases, except as listed in attached schedule.			
Rent				As Guarantor or Endorser or under agreements to purchase or service indebtedness _____			
Depreciation				Accounts, Notes, or Trade Acceptances Discounted or Pledged			
Bad Debts				Surety on Bonds or Other Contingent Liability _____			
Advertising				Letters of Credit _____			
Interest				Judgments Unsatisfied or Suits Pending _____			
Taxes—Other Than Income				Lease Liabilities _____			
Insurance				Merchandise Commitments and Unfinished Contractors or Merchandise Held on Consignment From Others _____			
Other Expenses				Unsatisfied Tax Liens or Notices From the Federal or State Governments of Intention to Assess Such Liens _____			
Net Profit from Operations				DETAIL OF INVENTORY			
Other Income				Is Inventory Figure Actual or Estimated? _____			
Less Other Expense				By Whom Taken or Estimated _____ When? _____			
Net Profit Before Income Tax				Buy Principally From _____			
Federal and State Income Tax				Average Terms of Purchase _____ Sale _____			
Net Profit or Loss				Time of Years Inventory Maximum _____ Minimum _____			
Net Worth or Earned Surplus							

SCHEDULE A LIST OF REAL ESTATE AND IMPROVEMENTS WITH ENCUMBRANCES THEREON								
DESCRIPTION, STREET NUMBER, LOCATION	TITLE NAMES OF		BOOK OF TERMS OF VALUE		MORTGAGES AND LIENS MATURITY	AMOUNT	TERMS PAYMENT	HOLDER OF LIEN
			LAND	IMPROVEMENTS				
			\$	\$		\$	\$	

SCHEDULE B STOCKS & BONDS: Describe Fully, Use Supplemental Sheet if Necessary. Indicate if Stocks Are Common or Preferred. Give Interest Rate and Maturity of Bonds.					
NUMBER OF SHARES AMOUNT OF BONDS	NAME OF ISSUE (DESCRIBE FULLY)	BOOK VALUE		MARKET VALUE	
		LISTED	UNLISTED	PRICE	VALUE
		\$	\$		\$
		\$	\$		\$

SCHEDULE C Complete if statement is for an Individual or Sole Proprietorship		
Age	Number of Years in Present Business	Date of Filing Fictitious Trade Style
What Property Listed in this statement is in Joint Tenancy?		Name of Other Party
What Property Listed in This Statement is Community Property?		Name of Other Party
With What Other Business Are You Connected?		Have You Filed Homestead?
Do You Deal With or Carry Accounts With Stockbrokers?	Amount \$	Name of Firm

Complete in ALL Cases		INSURANCE	
Are Your Books Audited by Outside Accountants?	Name _____	Merchandise _____ \$	Automobiles and Trucks _____
	To What Date Has the U.S. Internal Revenue Department Examined Your Books?	Machinery & Fixtures _____ \$	Public Liability \$ _____ M/S _____ M
Date of Last Audit _____		Buildings _____ \$	Collision _____ \$
Are You Borrowing From Any Other Branch of This Bank? _____	Which? _____	Earthquake _____ \$	Property Damage _____ \$
Are You Applying for Credit At Any Other Source? _____	Where? _____	Is Extended Coverage Endorsement Included? _____	Life Insurance _____ \$
Have You Ever Failed In Business? _____	If So, Attach a Complete Explanation and State Basis of Settlement With Creditors _____	Do You Carry Workmen's Compensation Insurance? Preferred	Name of Beneficiary _____
Lease Has _____	Years to Run, With Monthly Rental of \$ _____		
		<p>The undersigned solemnly declares and certifies that the above statement (or in lieu thereof, the attached statement, as the case may be) and supporting schedules, both printed and written, give a full, true and correct statement of the financial condition of the undersigned of the date indicated.</p> <p>Signature _____</p> <p>By _____</p>	

Notes



¹ **Hardship acquisition** is the State's advance acquisition of property at the property owner's request and is currently justified when the property owner can document that retaining the property presents an undue hardship based on health, safety, or financial problems. Hardship circumstances arise without regard to transportation priorities.

² **Protective acquisition**, the second primary type of purchase from the Fund, is what most land use professionals would categorize as true corridor preservation. The purpose of protective acquisition is to protect potential rights-of-way from conflicting development and inflationary costs during the period of early planning and project development, in which federal funds cannot be used. The concept presumes that advance control of needed property is a public good in terms of protecting location and design options and reducing costs. The concept is referred to as "corridor" preservation as opposed to right of way preservation because its purpose is to project the integrity of a corridor as a whole. As such, corridor preservation focuses on key parcels rather than random parcels.

³ As of September, 2003.

⁴ Two of the deliverables in this study effort will help implement this recommendation: (1) a PowerPoint slideshow that introduces the concept and advantages of corridor preservation; and (2) a Corridor Preservation Toolkit, which contains detailed guidance on specific techniques.